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A Message from Karen Kinsley, President and CEO of Canada Mortgage and Housing Corporation

I am delighted to present the *Canadian Housing Observer 2010*, the flagship publication of Canada Mortgage and Housing Corporation (CMHC). This 8th edition of the *Observer* provides an in-depth review of housing conditions and trends in Canada and describes the key factors that influence these developments.

This year, the *Observer* features an examination of the pivotal position of housing in the Canadian economy. Housing-related spending has broad and important employment impacts, and housing finance is a critical component of Canada's financial system. Review of recent government spending on housing in support of housing and economic priorities forms part of this examination.

The 2010 *Observer* provides further analysis of the dynamics of core housing need, beyond that which appeared in the 2008 *Observer*. This includes examination of longitudinal data for 2005 to 2007 from the Statistics Canada *Survey of Labour and Income Dynamics* (SLID). It also contains the first ever analysis of six years of longitudinal data (for 2002 to 2007).

The *Observer* includes information on the extension of CMHC's EQuilibrium™ Initiative to EQuilibrium™ Communities in partnership with Natural Resources Canada's Canmet ENERGY R&D Centre, and an update on progress on the initial EQuilibrium™ Housing Initiative. The EQuilibrium™ initiatives now target encouragement of sustainability in both housing and neighbourhood design.

We strive to make the *Observer* a highly useful and relevant guide to many people throughout the private, non-profit and government sectors. This includes educators and students, home builders and renovators, and housing finance and real estate professionals. We welcome your comments and suggestions on how we can improve future editions: please send them to Canadian Housing Observer, Policy and Research, CMHC 700 Montreal Road, Ottawa ON K1A 0P7 or to observer-observateur@cmhc-schl.gc.ca.

CMHC's website offers a broad range of statistical information on housing conditions from national, regional and local perspectives. I am pleased to inform you that CMHC has improved its *Housing in Canada Online* tool (HiCO). With the ability to create and save data profiles, and a more user-friendly interface, it is easier to access specialized housing conditions data for your community.

As Canada's national housing agency for 64 years, all of us at CMHC are proud of our role in helping to provide Canadians with quality, environmentally friendly and affordable housing. We trust that the 2010 *Canadian Housing Observer* will provide you with a wealth of information and insight on this vital economic sector.



A stylized handwritten signature in black ink, appearing to read 'K. Kinsley'.

Karen Kinsley
President and CEO, CMHC



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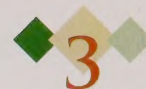
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Housing and the Economy

- Whether it is the construction of new dwellings, rental, sale or renovation of existing homes, housing plays a dynamic and crucial role in the economy. Housing-related economic activity accounted for \$307 billion in 2009, over one-fifth of Canada's total gross domestic product.
- The impact of housing on the economy is far-reaching, creating economic activity and employment across a wide range of sectors.
- The residential construction sector is comprised of numerous labour-intensive small businesses—some 71,000 residential construction firms and 158,000 specialty trade contractors in 2009—that can enter and exit the sector with relative ease, thanks in part to the relatively modest investment in fixed capital required for prospective firms and the extensive use of subcontracting.
- These factors make housing an attractive economic and job creation tool. Canada's Economic Action Plan in Budget 2009 provided a total of \$7.8 billion in tax relief and funding of actions to stimulate the economy through housing. When provincial contributions are taken into account, the total stimulus value is \$9.2 billion.
- The Government of Canada plays a significant role in housing, working with a wide range of provincial, territorial, municipal, Aboriginal, industry and other stakeholders to improve housing outcomes for those Canadians whose housing needs cannot be met in the marketplace. Examples of this involvement include a commitment in 2008 of \$1.9 billion over five years to invest in housing and alleviate homelessness; Canada's Economic Action Plan (Budget 2009) which announced a one-time investment of more than \$2 billion over two years to build new and repair existing social housing, and up to \$2 billion over two years in low-cost loans to municipalities through CMHC to fund housing-related municipal infrastructure projects.
- Housing plays a central role in the lives and finances of Canadian households. Real estate—which includes principal residences and second homes—accounts for over 40 per cent of the assets of households.
- The greater the affordability, security of tenure, choice and quality of accommodation, the greater the likelihood of positive educational performance, skills development and employment success.
- The response to the recent financial and economic turmoil has shown that Canada's housing system has strength and resilience as well as flexibility. The high standard of housing that the great majority of Canadians enjoy demonstrates that the system is working; however, some Canadians still face difficulties in securing acceptable housing.

Housing Finance

- Canada's housing finance system continued to serve the needs of the Canadian population during the global financial crisis as growth in lending to households was sustained. Throughout Canada, mortgage arrears remained low and mortgages remained available. Historically low mortgage interest rates benefitted homebuyers as well as those renewing or refinancing their existing mortgages.
- The relative resiliency of Canada's housing finance system derives from several factors, including financial industry practice, government involvement and regulatory oversight, and consumer behaviour.
- There were signs of improved housing finance and capital market conditions in 2009. By October 2009, the use of the Bank of Canada's regular short-term liquidity facilities had declined to nearly half of the level of its peak use of \$40 billion in December 2008. The Insured Mortgage Purchase Program had lower auction volumes in 2009 than in 2008, and was ended in March 2010. It resulted in purchases through auctions of \$69 billion of National Housing Act Mortgage-Backed Securities (NHA MBS). This helped mortgage lenders obtain the funding needed to make mortgages to consumers at reasonable interest rates.
- The lowering of the Bank of Canada benchmark rate to 25 basis points and the improved capital market conditions contributed to reductions in mortgage rates averaging 153 basis points and 149 basis points for posted five-year fixed and variable mortgages respectively.

Current Market Developments

- Due to the economic downturn of 2009, housing starts in Canada moderated in the first half of 2009 and then began to recover. Housing starts in 2009 reached 149,081 units, down from the unsustainable level of 211,056 units in 2008, with most of the decrease occurring in starts of multiple-family dwellings.

- Sales of existing homes through the Multiple Listing Service® (MLS®), which had trended lower in 2008, began to recover in January 2009. Overall, MLS® sales reached 465,251 units in 2009, up from 431,823 in 2008.
- Historical lows in interest rates, when coupled with a small inventory of existing homes listed for sale, helped to push the average MLS® price up by 5.0 per cent in 2009 to \$320,333.
- To a large extent, resale price gains in 2009 reflected a rebound back to levels that prevailed prior to the economic downturn. In particular, measured from the fourth quarter of 2007 to the fourth quarter of 2009, resale home prices rose 7.1 per cent. This translates to an average annual rate of price growth of 3.5 per cent over this period, which is in-line with average historical rates.
- Renovation spending for alterations and improvements grew by 2.8 per cent and reached about \$40.3 billion in 2009, accounting for approximately three-quarters of total renovation spending.
- The New Housing Price Index (NHPI) fell 2.3 per cent in 2009. The NHPI is a measure of change in the prices of new homes of constant size and quality. Although it decreased on a national and annual basis, it increased in many cities, and increased overall in the fourth quarter.
- The apartment vacancy rate in the purpose-built rental market for existing units in Canada's 35 major urban centres moved up to 2.8 per cent in October 2009, compared to 2.2 per cent in October 2008.
- The highest average monthly rents for two-bedroom apartments in new and existing structures were in Vancouver (\$1,169), Calgary (\$1,099), and Toronto (\$1,096); the lowest were in Saguenay (\$518), Trois-Rivières (\$520), and Sherbrooke (\$553).

Demographic and Socio-economic Influences on Housing Demand

- Canada's population grew faster in 2008 and 2009 (1.2 per cent annually) than at any time since 1991. The acceleration in population growth reflected a combination of factors: rising immigration, reduced emigration, increasing births, and growth in the population of non-permanent residents.
- Changes in the size and age make-up of the adult population are an important influence on household growth and housing demand.
- People become considerably less likely to move as they get older. In 2006, under one-fifth of households with maintainers aged 70 or more had moved in the previous five years. Mobility patterns imply gradual turnover of the housing stock as baby boomers approach and reach retirement.
- Home ownership rates for households with maintainers aged 50 or older have risen substantially, in large measure because of rising condominium ownership rates. Middle-aged and older generations in 2006 generally had ownership rates for dwellings other than condominiums that were little changed from those of older generations a decade before.
- From 1981 to 2006, the number of owner-occupied condominiums in Canada increased more than five-fold—from 171,000 to 916,000—and the market share of condominiums rose from 3.3 per cent of owner-occupied dwellings to 10.8 per cent. Condominiums represent a higher share of the home ownership market in British Columbia, especially in Vancouver (where it is 31 per cent), than elsewhere in Canada.
- The main economic influences on housing demand in 2009 were the recession—which reduced employment and slowed income growth—and the recovery in the second half of the year.

Recent Trends in Housing Affordability and Core Housing Need

- The incidence of urban core housing need in 2007 was 12.4 per cent, continuing an improvement from 13.9 per cent in 2002, the first year for which annual core need estimates are available for urban households. Higher incomes and lower unemployment contributed to the decline in the incidence of core housing need from 2002 to 2007. About 9 million urban Canadian households either lived in, or had sufficient income to access, acceptable housing in 2007. (Urban households are households in Census Metropolitan Areas or Census Agglomerations.)
- Households in the lowest-income quintile accounted for about 81 per cent of all urban households in core housing need in 2007. In urban Canada, about 55 per cent of lowest-income renters were in core housing need, compared to about 39 per cent of lowest-income owners.
- In 2007, Newfoundland and Labrador, Ontario, and British Columbia (all at about 14 per cent) had the highest incidences of urban core housing need, above the national average of 12.4 per cent; and Prince Edward Island and Saskatchewan (each at about 8 per cent) the lowest incidences, well below the national average.
- In 2007, the median annual depth of housing need for urban households in core housing need was an estimated \$1,870, a slight decline from its 2004 high of \$2,030 as measured in constant 2007 dollars. (Depth of housing need is the difference between the amount that a household in core housing need would have to pay for acceptable housing and the amount that it can *afford* to pay based on the affordability standard of shelter costs being less than 30 per cent of before-tax household income.)

- When housing conditions for the same individuals are examined over time, the data reveal that there are considerable changes in who is living in core housing need. Between 2005 and 2007, some 14.4 per cent of urban Canadian individuals were in a household in core housing need in at least one year; however, of these individuals, less than one-third (27 per cent) lived persistently (all three years) in a household in core housing need, while over two-thirds (73 per cent) did so occasionally (for one or two years). This pattern was similar to that found for the period 2002-2004, as reported in the *Canadian Housing Observer 2008*.
- Between 2005 and 2007, individuals living in female lone-parent families had the highest incidence (at about 48 per cent) of all the family types examined of ever (at least one year) living in a household in core housing need, including 27.2 per cent who did so occasionally and 20.8 per cent who did so persistently.
- The first ever analysis of the dynamics of core housing need over a six-year period provides additional evidence that, for many individuals living in core housing need, it is a temporary situation. About 81.4 per cent of Canadian urban individuals never lived in core housing need over the period 2002 to 2007. Of the 18.6 per cent who ever (at least one year) lived in core housing need during this period, most (11.5 of the 18.6) lived in this situation for only one or two years, 4.3 were in core housing need for three or four years, and 2.7 were in core housing need for five or six years.
- Knowledge of the factors and events that trigger movement into or out of core housing need and characteristics associated with the persistence of core housing need can inform decision makers about which policy instruments or mechanisms may be most effective in addressing housing need.

An Exploration of Alternative Measures of Housing Need

- Most households have shelter-cost-to-income ratios (STIRs) below the 30 per cent benchmark that underlies the core housing need indicator. In 2006, a typical, or median, household spent 17.6 per cent of its income before taxes on shelter. The distribution of STIRs indicates that the 30 per cent affordability standard is a reasonable starting point for identifying disadvantaged households.
- One way to explore the severity of housing need is to substitute progressively higher affordability standards for the conventional 30 per cent benchmark. Raising the affordability standard in this manner identifies subsets of relatively heavily burdened households from within the group identified as being in core housing need.
- Raising the affordability standard from 30 to 35 per cent in 2006 identifies just over 1 million households in relatively more severe need. Moving to a 50 per cent affordability threshold identifies a smaller subset of 423,000.
- A number of groups tend to have relatively severe housing need and hence account for increasing shares of need when the affordability standard is raised. They include renters, low-income households, lone-parents, recent immigrants, non-permanent residents, and Aboriginal households. These groups combine a high incidence, of core housing need with significant severity of need.
- Although senior households are more likely to fall into core housing need than other households, they are less likely than other households to have severe housing needs and hence account for a declining share of housing need when the affordability standard is raised.

The EQUilibrium™ Initiatives

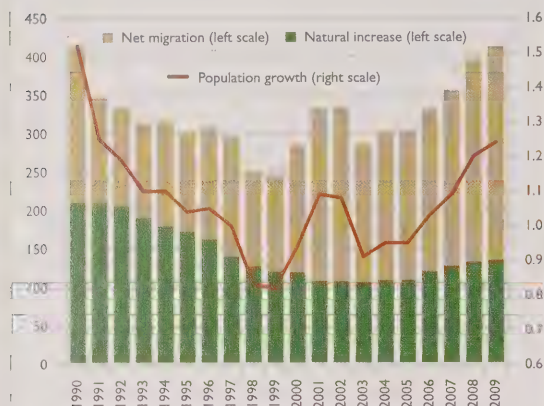
- The EQUilibrium™ Housing Initiative has brought the private and public sectors together to design, build and demonstrate homes that combine a wide range of available technologies, strategies, products and techniques designed to reduce a home's energy use and minimize its environmental impact.
- Seven EQUilibrium™ Housing projects have been completed. Four of these projects have been sold and are now occupied. A fifth project, a renovation, is also occupied. Performance monitoring has been initiated in the occupied homes to assess the extent to which the homes meet their original performance objectives. Two projects are under construction and are expected to be completed in 2010. Other projects are in the planning and approvals stage.
- Since its launch, CMHC's EQUilibrium™ Sustainable Housing Demonstration Initiative has met with considerable success and interest from the public, residential construction industry, and academic institutions.
- The EQUilibrium™ Communities Initiative is a three-year, \$4.2 million partnership between CMHC and Natural Resources Canada to accelerate the adoption of sustainable approaches to neighbourhood design.
- The Initiative provides funding and support to developers of selected projects that are designed to achieve high environmental and energy performance levels and that are financially viable and affordable. At up to \$550,000 per project, the funds are used for research and analysis aimed at design modifications to improve project performance, and/or for commissioning, monitoring and showcasing the projects.
- The Initiative is structured around six interrelated themes that are influenced by built form: energy; land use and housing; transportation; water, wastewater and stormwater; natural environment; and financial viability. It demonstrates the value of working at the neighbourhood scale to take advantage of opportunities to integrate across these themes.
- The EQUilibrium™ Communities Initiative measures, showcases and shares the results of the supported projects so that others can benefit from the lessons learned.
- Through a national competition, an independent evaluation committee selected the successful projects.

CANADIAN HOUSING AT A GLANCE

1 IMMIGRATION IS STRONGLY LINKED TO POPULATION GROWTH

Natural increase and net migration (thousands)

Per cent



Data are for 12-month period ending on June 30 of stated year.
Natural increase is the difference between births and deaths.
Net migration is the difference between population growth and natural increase.

Source: CMHC, adapted from Statistics Canada (CANSIM)

2

POPULATION GROWTH IS A MAJOR DRIVER OF HOUSEHOLD GROWTH

Average yearly growth (per cent)

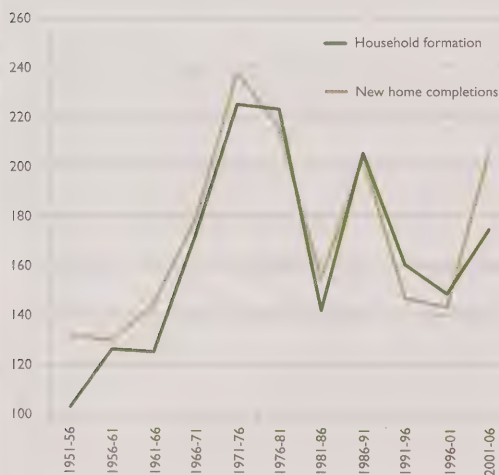


Source: CMHC, adapted from Statistics Canada (Census of Canada)

3

HOUSEHOLD FORMATION INFLUENCES NEW HOME COMPLETIONS

Five-year average (000s)



Source: CMHC, adapted from Statistics Canada (Census of Canada)

4

GROWTH IN REAL DISPOSABLE INCOME SLOWED IN 2009

Annual growth (per cent)



Employment growth calculated from average monthly employment during the year.
Income growth based on quarterly average during the year.
Real disposable income = disposable income/consumption deflator.

Source: CMHC, adapted from Statistics Canada (CANSIM)

5

HOUSING CONSUMPTION AND INVESTMENT
STABILIZED IN 2009

Billions of dollars



Source: CMHC, adapted from Statistics Canada (CANSIM)

MLS® SALES AND RENOVATION ACTIVITY
REMAINED ROBUST

Billions of dollars

Thousands of units



MLS® is a registered trademark of CRPA.

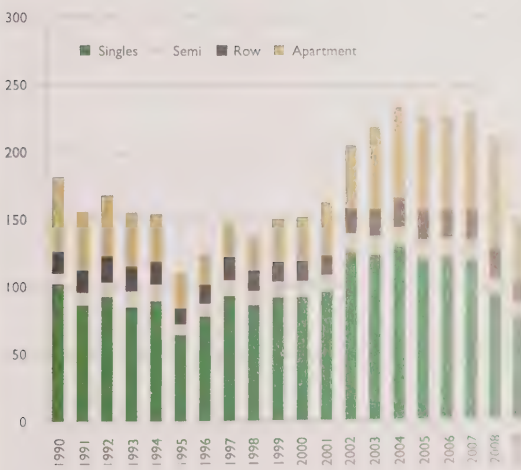
Source: Statistics Canada, CMHC, Annual Market Statistics, Real Estate Association of Canada (CREA)

7

HOUSING STARTS DECLINED IN 2009

Thousands of starts

Canada



Source: CMHC (Starts and Completions Survey)



Thousands of starts

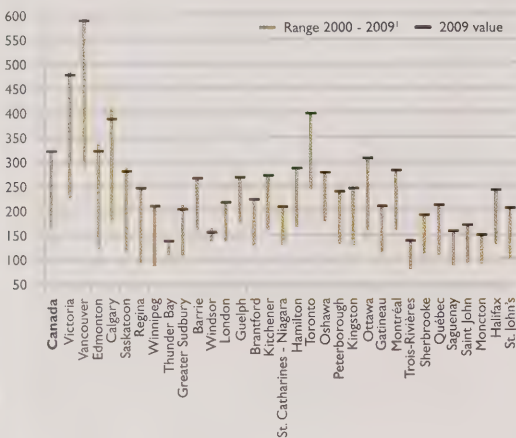


CANADIAN HOUSING AT A GLANCE

8

AVERAGE RESALE HOUSING
PRICES REMAINED HIGH

Thousands of dollars



Data for Quebec CMAs range from 2002 to 2009.

Source: Canadian Real Estate Association (CREA), Québec Federation of Real Estate Boards (QFREB) by Centris®

9

SELLER'S MARKETS PREDOMINATED IN 2009

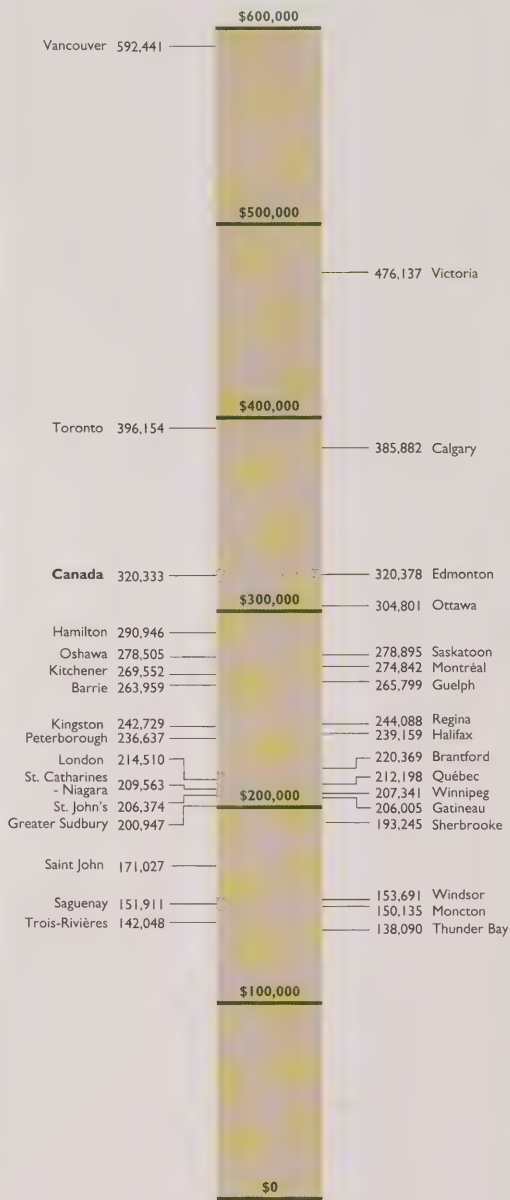
Sales-to-new-listings ratio (per cent)

¹ Data for Quebec CMAs range from 2002 to 2009.

Seller's market > 55%
Balanced market 40 - 55%
Buyer's market < 40%

Source: Canadian Real Estate Association (CREA), Québec Federation of Real Estate Boards (QFREB) by Centris®

10

AVERAGE RESALE HOUSING PRICES
VARIED WIDELY ACROSS CANADA IN 2009

Source: Canadian Real Estate Association (CREA), Québec Federation of Real Estate Boards (QFREB) by Centris®

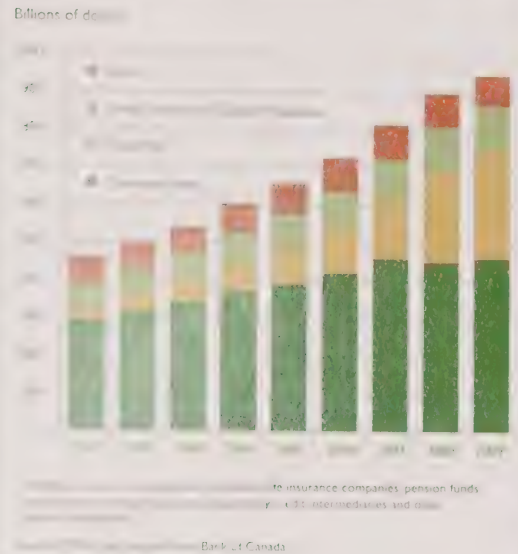
11

VARIABLE MORTGAGE RATES DECLINED IN 2009



12

RESIDENTIAL MORTGAGE CREDIT OUTSTANDING CONTINUED TO GROW IN 2009



13

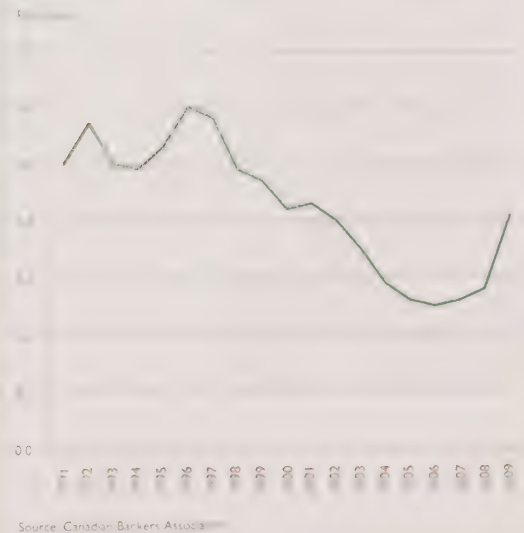
THE RATIO OF MORTGAGE PAYMENTS¹ TO DISPOSABLE INCOME FELL THEN REBOUNDED

¹ The monthly mortgage payment is calculated using the prevailing MLS[®] average price and the five-year fixed posted mortgage rate prevailing in each period, assuming a 25 per cent downpayment and 25 year amortization. The income figure is personal disposable (after tax) income per worker

Source: CMHC, adapted from Statistics Canada (CANSIM), unpublished data, and CREA (MLS[®])

14

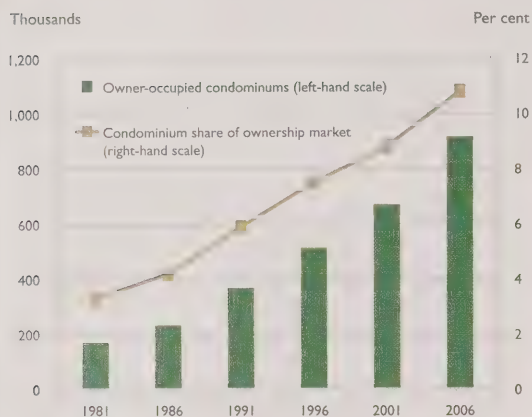
PERCENTAGE OF RESIDENTIAL MORTGAGES THREE MONTHS OR MORE IN ARREARS INCREASED IN 2009 BUT REMAINED BELOW HISTORICAL LEVELS



CANADIAN HOUSING AT A GLANCE

15

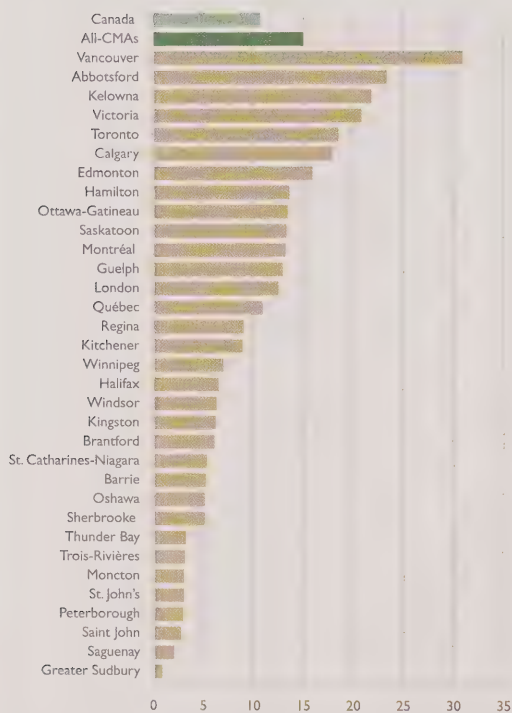
OWNER-OCCUPIED CONDOMINIUMS INCREASINGLY POPULAR



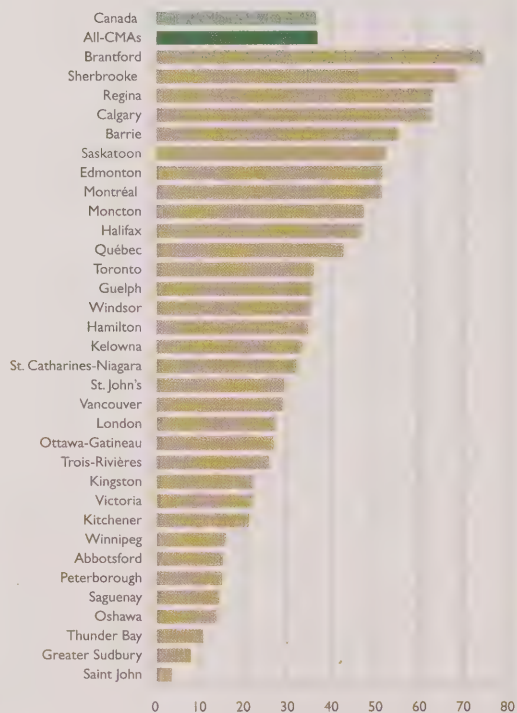
Owner-occupied condominiums as a per cent of all households by age group (2006)



The household maintainer is the person or one of the people in the household responsible for major household payments.



Owner-occupied condominiums as per cent of owner households, 2006

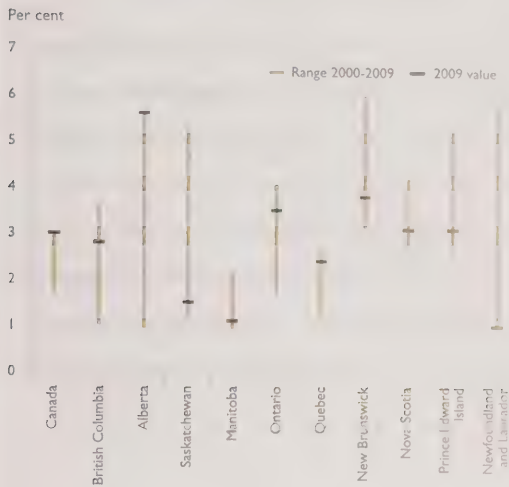


Per cent change in number of owner-occupied condominiums, 2001-2006

Source: CMHC, adapted from Statistics Canada (Census of Canada)

16

RENTAL VACANCY RATES WERE HIGHEST IN 2009 IN ALBERTA AND NEW BRUNSWICK

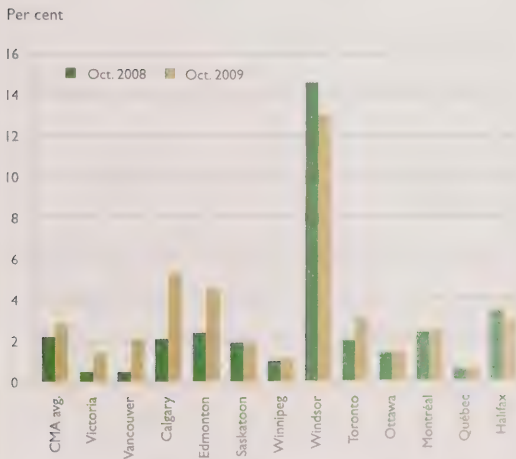


Vacancy rates are for privately initiated apartment structures of three or more units

Source: CMHC (Rental Market Survey)

17

AVERAGE PRIVATE APARTMENT VACANCY RATES GENERALLY INCREASED IN 2009



Vacancy rates are for privately initiated apartment structures of three or more units
CMA average is the weighted average of the rates in 35 Census Metropolitan Areas

Source: CMHC (Rental Market Survey)

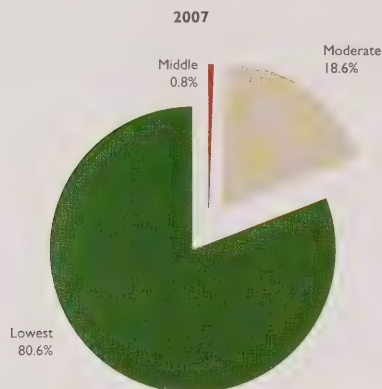
AVERAGE RENTS FOR A TWO BEDROOM APARTMENT RANGED WIDELY IN 2009



Source: CMHC (Rental Market Survey)

CANADIAN HOUSING AT A GLANCE

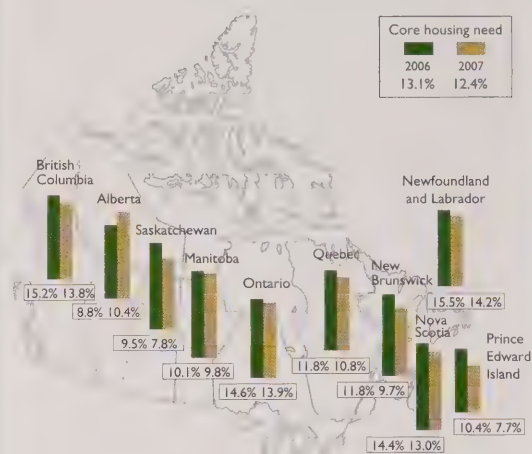
19

MOST URBAN HOUSEHOLDS IN CORE HOUSING NEED ARE IN THE LOWEST INCOME QUINTILE¹¹ There are no households in core housing need in the upper- and highest-income quintiles.

Source: CMHC (SLID-based housing indicators and data)

20

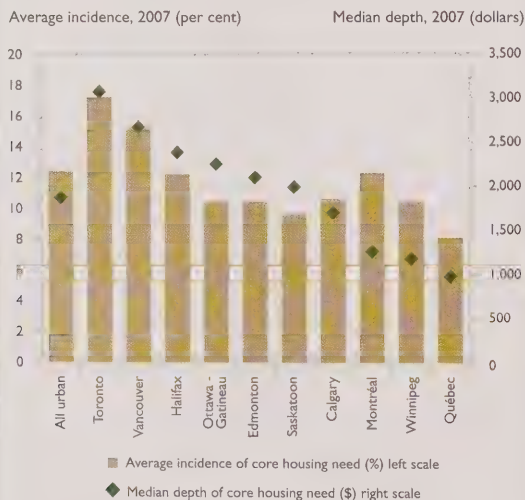
PRINCE EDWARD ISLAND AND SASKATCHEWAN HAD THE LOWEST INCIDENCES OF URBAN CORE HOUSING NEED IN 2007



Source: CMHC (SLID-based housing indicators and data)

21

DEPTH AND INCIDENCE OF CORE HOUSING NEED CAN TELL DIFFERENT STORIES, ESPECIALLY FOR MONTREAL

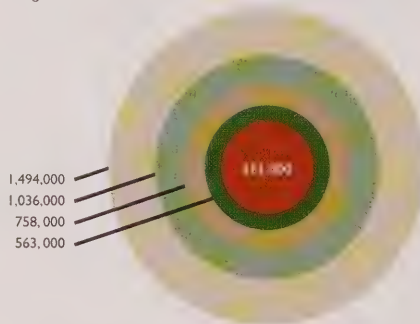


Source: CMHC (SLID-based housing indicators and data)

22

HIGHER AFFORDABILITY STANDARDS ARE ASSOCIATED WITH LOWER ESTIMATES OF HOUSING NEED

- In core housing need, 30% standard
- In housing need, 35% standard
- In housing need, 40% standard
- In housing need, 45% standard
- In housing need, 50% standard

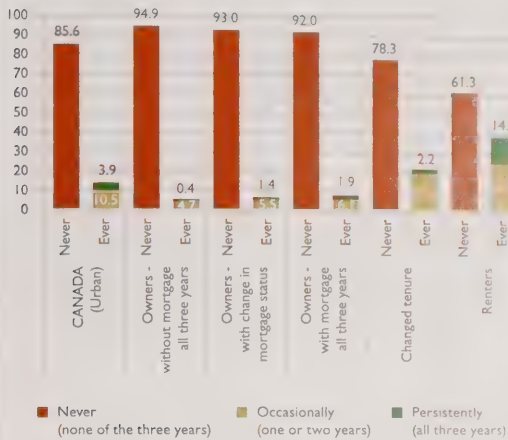


Source: CMHC (Census-based housing indicators and data) 2006

23

RENTERS AND THOSE WHO CHANGED TENURE
HAD THE HIGHEST INCIDENCES OF EVER LIVING
IN CORE HOUSING NEED BETWEEN 2005-2007

Per cent of people



Components may not add to 100 per cent due to rounding.

Source: CMHC (SLID-based housing indicators and data)

24

FEMALE SINGLE-PARENT FAMILIES AND UNATTACHED ADULTS HAD THE HIGHEST INCIDENCES OF EVER-EXISTING CORE HOUSING NEED BETWEEN 2002-2003.



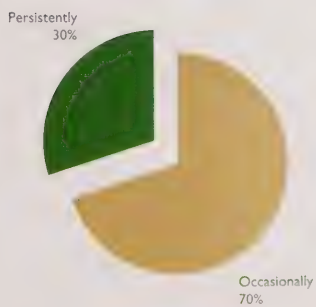
25

MOST CORE HOUSING NEED IS IN

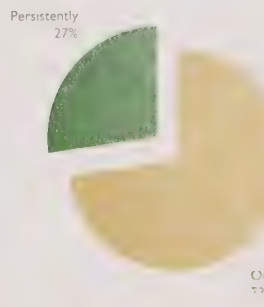
2002-2004

2005-2007

2002-2007



Occasionally (one or two years)



72

5

Data are for urban Canada.

Components may not add to 100 per cent due to rounding

Source: CMHC (SLID-based housing indicators and data)

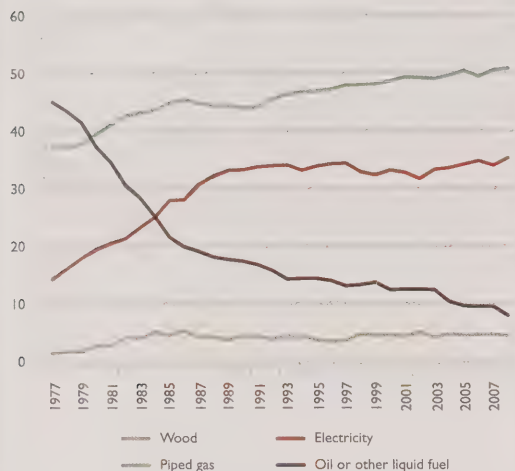


CANADIAN HOUSING AT A GLANCE

26

HOUSEHOLDS' PRINCIPAL HEATING FUEL HAS CHANGED OVER TIME

Per cent of households

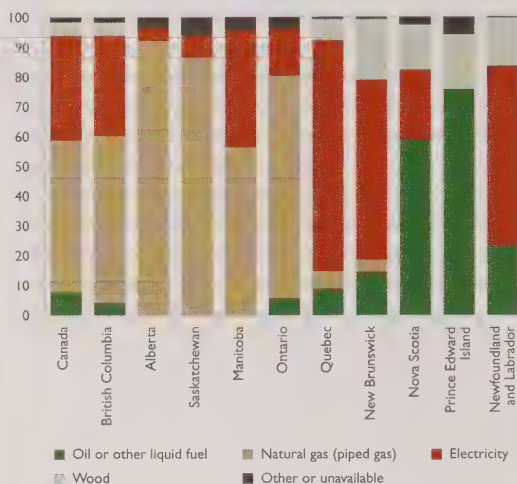


Source: Statistics Canada, (Survey of Household Facilities and Equipment (1977-1997) and Survey of Household Spending (1998-2008))

27

RESIDENTIAL HEATING FUEL CHOICE VARIES ACROSS THE COUNTRY

Per cent



Source: Statistics Canada (Survey of Household Spending, 2008)

28

THE ENERGY COST COMPONENT OF SHELTER COSTS VARIES BY PROVINCE AND OVER TIME

Energy costs as per cent of shelter costs

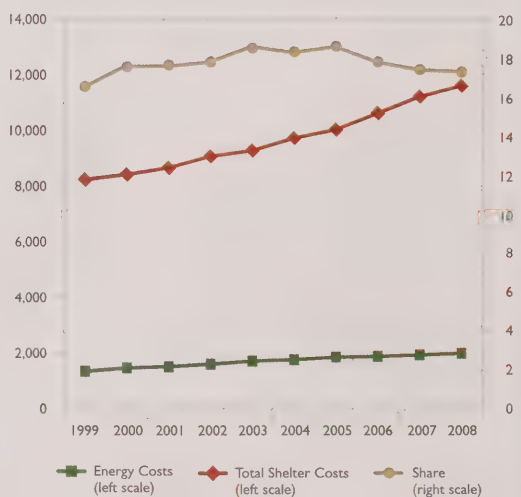


Annual cost in dollars shown above each bar.
Note that energy costs are sometimes part of rental payments or condo fees and, in these cases, are not included in these figures.

Source: Statistics Canada (Survey of Household Spending, 2008)

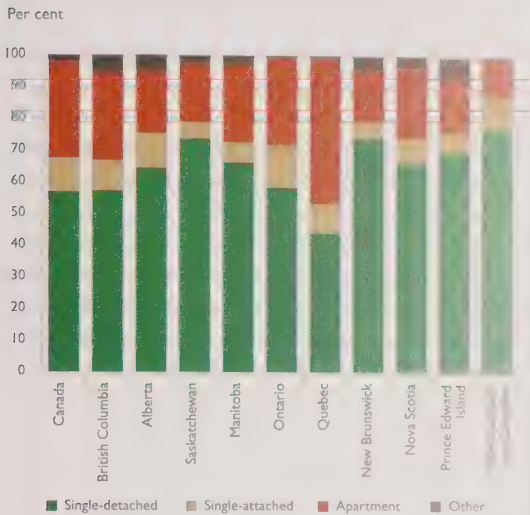
Dollars per year

Per cent



29

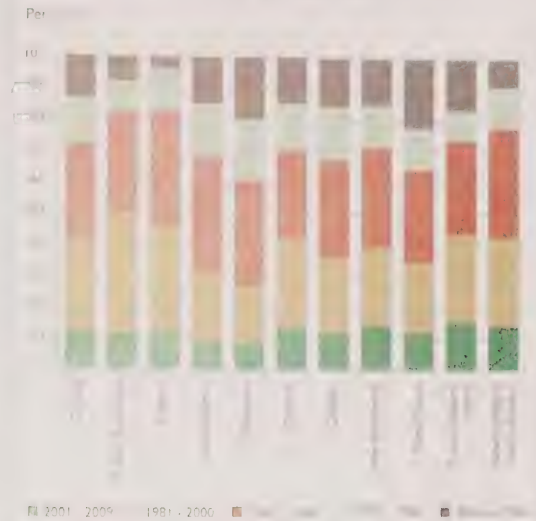
THE SHARE OF SINGLE-DETACHED HOMES IS LARGEST IN NEWFOUNDLAND AND LABRADOR AND SMALLEST IN QUEBEC



Source: Statistics Canada (Survey of Household Spending, 2008)

30

ABOUT 40 PER CENT OF CANADIAN HOUSING IS UNDER 30 YEARS OLD



Housing and the Economy

2



The 2008/2009 financial and economic upheaval has illustrated the pivotal position of housing in the economy. Housing-related spending is a major component of Canadian gross domestic product (GDP). Housing is a large item in the household budget; and, for many, the largest component of household wealth and the largest indebtedness. The residential construction industry is also a major employer.

Dwelling construction, renovation and housing sales have impacts throughout the economy, creating economic activity and employment across diverse sectors. New construction activity is also cyclical, responding to consumer demand but subject to volatility in financial and capital markets. These factors make housing a priority and also act to stabilize the economy due to its importance in direct and indirect employment.

This chapter explores all these aspects of housing. It looks at housing in the context of the broad economy, at the industry level, and at the household level. Recent government spending on housing in support of housing and economic priorities is also reviewed.

Housing accounts for one-fifth of GDP

Housing-related spending in GDP totalled \$307 billion in 2009, over one-fifth (20.1 per cent) of total GDP. It is made up of two components:

- consumption-related spending, and
- residential investment.

Consumption-related spending is the amount that households spend on shelter, including heating and lighting, utilities, and maintenance and repairs. For renters,

estimates of actual paid rent are used. For homeowners, an imputed rent is used instead of payments for mortgage interest, taxes and maintenance (see text box *Why is imputed rent used in GDP for homeowners?*). Housing consumption-related spending accounted for 13.6 per cent of GDP in 2009, with imputed rent of owner households (representing over two-thirds of all households) being the largest item at 8.5 per cent of GDP. This compares with 2.8 per cent for actual paid rent of owner households (see *Figure 2-1*).

FIGURE 2-1
HOUSING-RELATED
EXPENDITURES IN GDP 2009



Residential investment in the National Income and Expenditure Accounts is the money spent on the process of constructing new dwellings or making changes to existing dwellings. The biggest item in this category until 2009 had always been spending on new construction. However, in 2009, new construction spending (2.6 per cent of GDP) was overtaken by spending on renovation, (2.7 per cent) as a result of the sharp drop in new housing starts. This is probably a harbinger of things to come, as renovation spending is expected to become an even larger component of GDP in the years ahead.¹ The final item in residential investment is the transfer costs associated with the purchase of existing homes, including such costs as real estate commissions, land transfer fees and legal fees. These account for 1.2 per cent of GDP.

Based on the *Labour Force Survey*, total construction employment in Canada in 2009 was close to 1.2 million. As discussed below, in many construction trades, some tradespeople work in both residential and non-residential construction, and *Labour Force Survey* data do not distinguish between the two. As of the 2006 Census, 300,000 people were classified as employed in residential construction, including alterations and improvements.

Why is imputed rent used in GDP for homeowners?

The housing-related spending of tenants is typically calculated by aggregating the rents paid. For comparability, the calculation of housing-related consumption spending for owner households is carried out in a similar way. Owners are treated as though they are paying an “imputed rent” to themselves. This imputed rent is based on what they would be able to charge if they rented their dwelling to someone else. This approach also means that owners without mortgages are treated the same way as owners with mortgages, and the contribution of mortgage-free owner-occupied housing to economic activity is not understated.

Calculating the full economic impacts of housing activity

The employment and economic impacts of residential construction expenditures go well beyond the construction sector. New home construction, renovation and sales of existing dwellings have pervasive direct, indirect and induced impacts (see text box *What are direct, indirect and induced impacts?*) throughout the economy, across a wide range of sectors.

What are direct, indirect and induced impacts?

Direct impacts represent the initial income and jobs generated by an activity or project. They reflect the first round of spending.

Indirect impacts are the output, jobs and income created in other companies that supply inputs to the industries involved in the first round, and in subsequent rounds through suppliers to those companies.

Induced impacts occur when companies and those employed in these industries spend the money earned, generating more employment and output.

The direct and indirect impacts of housing activity can be measured with Statistics Canada’s Input-Output Model of the Canadian economy. Using this model, for a given expenditure on specific goods and services in a given industry, the required inputs and resulting economic activity from across different Canadian industries can be estimated.

In the last few years, there have been several studies that used Statistics Canada’s Input-Output Model to measure the economic impact of new residential construction, renovation or resale respectively. These are described below.

¹ Due to the aging of the Canadian population, net annual household formation is projected to decline over the next three decades (see the *Canadian Housing Observer 2009* at www.cmhc.ca/observer for detailed projections under a variety of scenarios). Investment in new housing production will be dampened as a result of this trend. However, changing needs, preferences and lifestyles, and the aging housing stock may continue to support strong expenditures on home alterations and renovations over this period.

The pervasive economic impacts of new home construction

One study² found that the production of an additional 10,000 single-family homes in 2005—a \$1.8 billion investment—would have generated a total of \$3.3 billion in direct and indirect production output across all sectors.

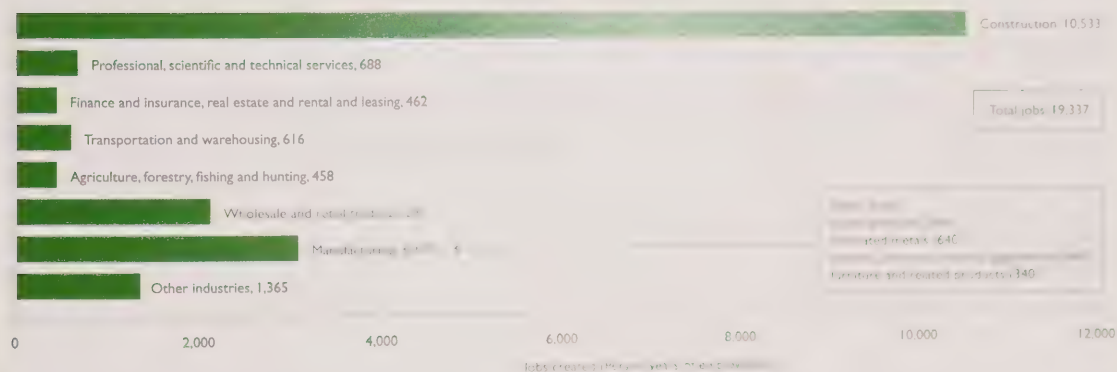
In addition to the direct \$1.8 billion impacts in residential construction, there were major impacts in manufacturing (\$726 million) and wholesale trade (\$172 million). Within the manufacturing sector, the main beneficiaries of residential construction investment are wood products, petroleum and coal product manufacturing.

In terms of jobs, the simulation showed 19,300 person-years of employment generated across all sectors. Of these, 46 per cent (8,800 jobs) were created outside the residential construction sector. Over 3,000 of these jobs were created in manufacturing, close to 800 of them in wood products and over 600 in fabricated metals. Wholesale and retail trade (over 2,100 jobs) and professional, scientific and technical services (close to 700 jobs) were also major beneficiaries (see *Figure 2-2*).

Fast Facts

- Housing-related spending accounts for approximately one-fifth of gross domestic product.
- Employment in residential construction totalled 300,000 in 2006.³
- When both direct and indirect employment are taken into account, housing construction generates almost as many jobs outside the housing sector as it does within it.
- Total tax relief and funding related to housing in Canada's Economic Action Plan in Budget 2009 was \$7.8 billion.
- The total value of homeowner housing in November 2009 was an estimated \$2.7 trillion.

FIGURE 2-2
DIRECT AND INDIRECT EMPLOYMENT IMPACTS FROM 10,000 SINGLE-FAMILY HOUSING STARTS, 2005 (PERSON-YEARS OF EMPLOYMENT)



Source: Altus Group Economic Consulting, for CMHC

² Altus Group Economic Consulting, *Economic Impacts of Residential Construction* (Ottawa: Canada Mortgage and Housing Corporation, 2009) www.chba.ca/members-area/hba-tools/toolkits.aspx#14 (July 12, 2010).

The construction of new homes also generates infrastructure expenditure on roads, water, sewage, power lines, schools and other facilities. In addition, retail stores and other businesses are created to meet the needs of communities.

Sales of existing homes generate large impacts too

Housing sales are significant determinants of expenditures on renovation and on durable and semi-durable goods (such as appliances, furniture, carpets and draperies) as buyers set out to furnish their homes and make alterations to meet their needs and preferences.

A study³ comparing expenditures of families during the first, second and third years after purchasing a resale home to those of all other homeowners,⁴ found that additional expenditures by buyers related to sale costs, moving, alterations, improvements and other goods and services came to an average of \$46,400 per household (see Figure 2-3). Expenditures on renovation, furniture and appliances totalled \$21,525. Expenditures on services (e.g., lawyers, surveyors, real estate brokers⁵) accounted for a further \$17,400.

Economic activity generated by total MLS® housing sales in 2007 was also estimated. For this, the expenditures were converted into the input-output categories used by Statistics Canada and employed in the simulation of the Input-Output Model.

The study found that the average annual direct and indirect employment created by the 480,000 MLS® home sales in 2008 was close to 203,000 jobs.

Employment impacts from residential renovation activity

A recent study¹ looked at the economic impacts of renovation, conversion and repair activities. The conclusions were that residential renovation activity between 2006 and 2009 generated annually over 250,000 jobs in the construction industry and over 210,000 indirect jobs in other industries.

¹ Economic and Fiscal Impacts of Residential Construction, Will Dunning Inc., 2009.
www.chba.ca/uploads/jason%20-%202009%20summer/economic%20impacts%202009/canada2009.pdf (June 3, 2010)

FIGURE 2-3
EXPENDITURES GENERATED BY THE AVERAGE EXISTING (MLS®)
HOUSING SALE, CANADA 2007 (\$)



MLS® is a registered trade mark of the Canadian Real Estate Association (CREA)

Source: Altus Group Economic Consulting, for the Canadian Real Estate Association, 2009

³ Altus Group Economic Consulting, *Economic Impacts of MLS® Home Sales and Purchases in Canada and the Provinces 2006-2008*. Ottawa: Canadian Real Estate Association, 2009. www.areahub.ca/Public/media/General/economic-impact-of-mls-sales.pdf (July 12, 2010).

⁴ Data from special tabulations from Statistics Canada's 2007 *Survey of Household Spending* were used for this comparison.

⁵ MLS® real estate brokers' fees are included in this figure although they are typically borne by the seller, not the buyer.

Government spending on housing

For those whose needs cannot be met in the marketplace, such as low-income seniors, people with disabilities, single parents, recent immigrants and Aboriginal Canadians, the federal government works with provinces and territories, municipalities, First Nations and other housing stakeholders to improve housing choice and affordability. Support and assistance is provided across a broad continuum—from shelter and supports, to transitional and supportive housing to help people live more independently, to subsidized housing. Taken together, this broad range of housing activities supports Canadians in need of housing assistance.

The federal government committed \$1.9 billion in September 2008 to investing in housing and homelessness over five years, from April 1, 2009 to March 31, 2014 which includes the two-year renewal of the Affordable Housing Initiative (AHI) and the federal renovation programs, including the Residential Rehabilitation Assistance Program (RRAP), and the Homelessness Partnering Strategy (HPS). The five-year commitment provided an opportunity to consider improvements and new arrangements for housing and homelessness programs.

Moreover, the two-year AHI renewal mentioned above provides a total of \$250 million of federal funding for the creation of an estimated 5,000 new affordable housing units. Funding is being delivered through amendments to the existing agreement with provinces and territories. Under this agreement, provinces and territories cost share federal funding on a 50/50 basis and are responsible for the design and delivery of the programs. As of March 31, 2010, some \$1 billion has been committed and/or announced under the AHI for the provision of more than 47,000 units across Canada.

Canada's Economic Action Plan in Budget 2009 built on these efforts by taking action to strengthen Canada's economy with a one-time investment of more than \$2 billion over two years to build new and repair existing social housing. This funding includes the following:

- \$1 billion to support much needed repairs to social housing (\$850 million to be cost-matched with provinces and territories, and \$150 million to address the needs of existing social housing, which Canada Mortgage and Housing Corporation (CMHC) administers);

- \$600 million for new housing and repairs to existing housing on-reserve and in the North (\$400 million for on-reserve which is administered by CMHC and Indian and Northern Affairs Canada, and \$200 million for the North);
- \$400 million to build more housing for low-income seniors; and
- \$75 million for new housing for people with disabilities.

Amending agreements were signed in 2009 between the federal government and all provinces and territories for the prompt implementation of the economic stimulus initiatives, including the renovation and retrofit of social housing units, the construction of new housing units for low-income seniors and persons with disabilities, and the support of new housing and the renovation of existing social housing in the North. As a result of these investments, over 3,500 projects⁶ are under way to improve social housing and First Nations housing across the country.

Canada's Economic Action Plan also provides up to \$2 billion over two years in low-cost loans to municipalities through CMHC to fund housing-related municipal infrastructure projects. Ninety-three loans have been approved since the initiative was launched in 2009. In addition, both the housing sector and homeowners benefited from the Home Renovation Tax Credit that provided up to \$1,350 in tax relief, reducing the cost of renovations for an estimated

The federal government through CMHC currently spends some \$1.7 billion annually for existing social housing in support of some 620,000 households with low income. This funding is provided under long-term federal-provincial/territorial agreements.

The federal government, through Indian and Northern Affairs Canada (INAC) and CMHC, provides about \$277 million annually to address housing needs of First Nations living on-reserve. This supports the construction of new units, the renovation of existing units, ongoing subsidies for a portfolio of about 29,100 units of existing rental housing, and other housing initiatives. Approximately \$151 million is spent annually by CMHC to support the housing needs of Aboriginal households off-reserve.

⁶ *Leading the Way on Jobs and Growth: Canada's Economic Action Plan Year 2, Budget 2010*, Ottawa: Department of Finance Canada, 2010, p.196 www.actionplan.gc.ca/grfx/docs/5threport/budget-planbudgetaire-eng.pdf (July 12, 2010).

⁷ "Action to Stimulate Housing Construction." *Canada's Economic Action Plan, Budget 2009*, Ottawa: Department of Finance Canada, 2009 www.budget.gc.ca/2009/plan/bpc3c-eng.html (July 12, 2010).

In addition, in Budget 2007, the Government announced a \$300 million First Nations Market Housing Fund to support market-based housing on-reserve that will give First Nations people living on-reserve a better chance to own their own homes. The Fund became operational in May 2008.

Total tax relief and funding of the actions to stimulate the economy through housing equal \$7.8 billion (see Figure 2-4). When provincial contributions are taken into account, the total stimulus value is \$9.2 billion.

FIGURE 2-4
HOUSING STIMULUS IN CANADA'S ECONOMIC
ACTION PLAN (BUDGET 2009)
\$ MILLIONS

	Total
Support for Home Ownership and the Housing Sector	
Home Renovation Tax Credit	3,000
Enhancing home energy efficiency	300
Increasing withdrawal limits under the Home Buyers' Plan	30
First Time Home Buyers Tax Credit	385
Investments in Housing for Canadians	
Renovation and retrofit of social housing	1,000
Housing for low income seniors	400
Housing for persons with disabilities	75
First Nations housing	400
Northern housing	200
Total-Action to Stimulate Housing¹	5,790
Loans to municipalities	2,000
Cash Basis	7,790
<small>Notes: Figures in this table are presented on an accrual basis, and therefore, in some cases, will not match the figures contained in the budget text when those are presented on a cash basis. Totals may not add due to rounding.</small>	
<small>¹ Numbers do not include provincial contributions (total \$1.475 billion). Total stimulus value including these expenditures is \$9.24 billion.</small>	
<small>Source: Department of Finance Canada, (Canada's Economic Action Plan, Budget 2009, Chapter 3)</small>	

Housing investment and the business cycle

Real (i.e., inflation adjusted) residential investment generally tends to lead the business cycle.⁸ One reason why it is one of the first sectors to turn around is that housing demand responds quickly to the low interest rates that prevail when economic activity is at the low point of the business cycle.

CMHC Affordable Housing Centre

Through its Affordable Housing Centre, CMHC continues to offer a broad range of products, services and programs to help in the development of affordable housing projects. The Affordable Housing Centre has a team of experts on affordable housing that work with groups and individuals to connect them with the resources, knowledge and contacts needed for their affordable housing proposals. More information is available on CMHC's Affordable Housing Centre website at www.cmhc.ca/affordablehousing, or by calling toll-free at 1-800-668-2642.

Why aren't government housing subsidies included in GDP?

Government expenditure on transfer payments (such as social assistance and subsidies, including social housing subsidies) are not specifically identified in GDP. This non-inclusion is because, rather than payments for goods or services received by the government, they are cash transfers which represent redistribution of government revenue to those eligible for the various programs. The monies are reflected in GDP in the recipients' spending, so to include them separately in government spending would be double counting.

⁸ See "The Changing Housing Cycle and the Implications for Monetary Policy", *World Economic Outlook: Housing and the Business Cycle*. Washington, D.C.: International Monetary Fund, April 2008. www.imf.org/external/pubs/ft/weo/2008/01/pdf/c3.pdf (July 12, 2010).

These factors make housing an attractive economic and job creation tool:

- Relatively easy entry and exit for firms compared with industries that require more fixed capital and do less contracting out—the industry can turn around quickly.
- A significant portion of the materials used are supplied in Canada.
- The activities are labour intensive, creating employment.
- Benefits flow to communities all across the country because housing construction and renovation are primarily local activities, not confined to cities.
- Investment in housing provides permanent benefits in the form of improved housing and living conditions.

Housing cycles – the dynamics of housing markets

Housing production is typically cyclical with alternating periods of over- and under-supply. One reason for this is the long approval and production processes. Supply may lag demand as a result of scarcity of buildable land, and the time needed to secure building permits, obtain financing, and finish construction.

Builders and developers responding to prevailing tight demand conditions and the resulting rising rents and prices may not see their properties come on stream for two years or more. At this time, the output of other builders who had responded to the same undersupply conditions may also come on to the market resulting in a general oversupply. Unattractive market conditions then lead to a market downturn, which typically over-corrects itself, beginning

the cycle again. This cyclicality makes housing market information in terms of building permits, starts, dwellings under construction and absorption patterns particularly important. CMHC provides comprehensive local housing market data and analysis to assist builders and developers in making building decisions (see *Figure 2-5* for an example).

Studies of housing market cycles typically use movements in residential investment and inflation-adjusted house prices as indicators of housing market cycles. A number of studies have found that the two indicators are closely correlated with the business cycle in Canada, suggesting a strong link between the housing sector and the rest of the economy. While residential investment has generally tended to lead the business cycle, inflation-adjusted house prices have typically lagged it.⁹

Research by the Organisation for Economic Co-operation and Development (OECD) found that house price cycles averaged nearly seven years of expansion and four years of contraction in Canada over the period 1970 to 2007.¹⁰ The OECD estimates that the most recent upturn in Canada's housing markets began in late-1998 and ended in late-2007, and was accompanied by a rise of about 72 per cent in inflation-adjusted house prices, which amounts to an average yearly real price growth rate of about 6.2 per cent. By comparison, the previous expansion from early-1985 to early-1989 was marked by a 66 per cent real price gain over a four-year period, or an annual yearly real price growth rate of 13.5 per cent.

Research on the link between housing wealth and consumption expenditures has found that spending by households on goods and services is influenced by changes in the value of their wealth holdings—the so-called wealth effect.

⁹ IBID

¹⁰ Christophe André, "A Bird's Eye View of OECD Housing Markets". *OECD Economics Department Working Papers No. 746*. Paris: Organisation for Economic Co-operation and Development, 2010. ideas.repec.org/p/oec/ecodaa/746-en.html (July 12, 2010).

¹¹ Studies of the housing wealth effect on consumption spending for Canada have estimated that, over the long-term, a \$1 increase in housing wealth is associated with about a 6 cent rise in consumption spending. See Pietro Catte et. al., "The Contribution of Housing Markets to Cyclical Resilience," *OECD Economic Studies No. 38*. Paris: Organisation for Economic Co-operation and Development, 2004. <http://www.oecd.org/dataoecd/15/12/35028368.pdf> (July 12, 2010).

FIGURE 2-5

PROVIDING MARKET INFORMATION TO ASSIST BUILDERS THROUGH THE CYCLE

This is an example of detailed market information provided by CMHC without charge on its website. This degree of detail is also provided at sub-market level (5 sub-markets in the case of Sherbrooke). For rental markets, detailed data on available units and vacancy rates are available by bedroom count.

Table 1: Housing Activity Summary of Sherbrooke CMA
Fourth Quarter 2009

	Ownership						Rental		Total*
	Freehold			Condominium					
	Single	Semi	Row, Apt. & Other	Single	Row and Semi	Apt. & Other	Single, Semi, and Row	Apt. & Other	
STARTS									
Q4 2009	142	26	52	0	7	22	0	130	379
Q4 2008	222	0	24	0	0	56	0	253	602
% Change	-36.0	n/a	116.7	n/a	n/a	-60.7	n/a	-48.6	-37.0
Year-to-date 2009	668	96	142	0	7	96	0	492	1,580
Year-to-date 2008	802	48	78	0	20	146	4	482	1,627
% Change	-16.7	100.0	82.1	n/a	-65.0	-34.2	-100.0	2.1	-2.9
UNDER CONSTRUCTION									
Q4 2009	140	30	58	0	3	16	0	212	517
Q4 2008	297	10	20	0	0	68	0	268	710
% Change	-52.9	200.0	190.0	n/a	n/a	-76.5	n/a	-20.9	-27.2
COMPLETIONS									
Q4 2009	149	44	40	0	0	26	0	75	334
Q4 2008	180	4	12	0	4	12	0	20	232
% Change	-17.2	**	**	n/a	-100.0	116.7	n/a	**	44.0
Year-to-date 2009	825	76	108	0	0	152	0	540	1,769
Year-to-date 2008	645	50	60	0	24	124	4	263	1,170
% Change	27.9	52.0	80.0	n/a	-100.0	22.6	-100.0	105.3	51.2
COMPLETED & NOT ABSORBED									
Q4 2009	20	15	12	0	0	31	0	203	281
Q4 2008	9	0	0	0	1	9	0	130	149
% Change	122.2	n/a	n/a	n/a	-100.0	**	n/a	56.2	88.6
ABSORBED									
Q4 2009	154	39	41	0	0	22	0	97	353
Q4 2008	183	4	13	0	4	18	0	49	271
% Change	-15.8	**	**	n/a	-100.0	22.2	n/a	98.0	30.3
Year-to-date 2009	814	61	96	0	1	130	0	467	1,569
Year-to-date 2008	640	50	60	0	23	118	4	354	1,249
% Change	27.2	22.0	60.0	n/a	-95.7	10.2	-100.0	31.9	25.6

Source: CMHC (Starts and Completions Survey, Market Absorption Survey)

To access CMHC housing market information on any market go to www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/index.cfm
n/a - Not applicable.

* Totals may not add up due to cooperatives and unknown market types.

** Per cent change >200%

Source: CMHC, (Housing Now, Sherbrooke CMA 2010 Q1), accessible from <http://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/index.cfm>

The housing industry: bastion of small business

The residential construction industry is characterized by a large number of small businesses. As of 2009, it had 71,000 firms and there were a further 158,000 in the specialty trade contracting sector,¹² many offering services to both residential and non-residential construction. The specialty trade contractors typically focus on specific trades (e.g., electrical, carpentry, grading and plumbing).¹³

Eighty-six per cent of residential construction firms had fewer than five employees, as did 80 per cent of the specialty trade contractors (see *Figure 2-6*).¹⁴ Coordination of construction is typically carried out by a general contractor who sub-contracts the different tasks to the specialized contractors. It has been estimated that over 80 per cent of the work in residential construction is contracted out.¹⁵

FIGURE 2-6
DISTRIBUTION OF RESIDENTIAL
CONSTRUCTION AND SPECIALTY TRADE
CONTRACTING BUSINESSES BY SIZE, 2009

	Number of Employees				
	< 5 ¹	5-9	10-19	20-49	50+
Type of Business					
Residential Construction	86%	9%	4%	2%	1%
Specialty Trade Contractors	80%	11%	5%	3%	1%

¹ Employment estimates in all size categories were derived from employee payroll data. In this table, the < 5 category includes those who do not maintain an employee payroll, but may have a workforce consisting of contracted workers, family members or business owners.

Components may not add to 100% due to rounding.

Source: adapted from Statistics Canada (Canadian Business Patterns, December 2009)

scientific and technical services industry in its share of the nation's self-employed workers.¹⁶ The residential and specialty trade contracting sectors have levels of self-employment in the 30 per cent range.¹⁷

This industry structure presents some challenges. Among these are the following:

- The ability of tradespersons to work in residential or non-residential sectors makes the residential sector especially vulnerable to labour shortfalls, since higher wages and less seasonality make the non-residential sector an attractive alternative when construction labour is in demand.
- The small size of firms is an impediment to research and innovation, since the firms lack the resources to carry out their own investigations and to evaluate new technologies. A study¹⁸ for CMHC suggested that it requires 15 to 25 years for a new technology to be widely adopted by the industry, and that, on average, the industry makes use of only some 50 per cent of the quality-enhancing or cost-cutting innovations at any given time. CMHC research and transfer initiatives are designed in part to address this limitation.

Factory-built housing: a small but important part of the industry

There are about 100 home building factories certified by the Canadian Standards Association (CSA).¹⁹ Factory-built homes accounted for about 11 per cent of starts in Canada in 2009.

¹² *Canadian Business Patterns*, Ottawa: Statistics Canada, December 2009.

¹³ As of 2007, the Canadian Home Builders Association estimated that there were 64 different trades in residential construction.

¹⁴ Source of data on number and size of businesses: *Canadian Business Patterns*, Ottawa: Statistics Canada, December 2009.

¹⁵ Praxis Research and Consulting Inc. *Report on Skilled Construction Labour Segmentation and Mobility*, Ottawa: Canada Mortgage and Housing Corporation, 2005. ftp://cmhc-schl.gc.ca/chic-cdh/Research_Reports-Rapports_de_recherche/eng_unilingual/Prp_skilled_cons_w1.pdf. (July 12, 2010).

¹⁶ *Small Business Quarterly*, Volume 11, No. 1. Ottawa: Industry Canada, May 2009. www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/rd02380.html (July 12, 2010).

¹⁷ Praxis Research and Consulting Inc. op. cit.

¹⁸ "Technology Dissemination: Triggering Innovation Adoption in Canada's Home Construction Industry." *Research Highlight, Technical Series*, 02-104. Ottawa: Canada Mortgage and Housing Corporation, 2002. www.cmhc-schl.gc.ca/odpub/pdt/62944.pdf (July 12, 2010).

¹⁹ Source of data: Canadian Manufactured Housing Institute (CMHI). Thirteen of the CSA certified factories were located in the United States.

The Canadian wood products industry¹

Sales to China of Canadian wood products (lumber, plywood, oriented strand board and other engineered panels), although well below those to the United States, have expanded quickly to \$234 million in 2008 from \$105 million in 2004. While much of the construction in China is concrete and masonry, wood-frame construction has been growing in recent years.

CMHC's involvement in China goes back to 1999, when the Corporation signed a Memorandum of Understanding with the Chinese Ministry of Construction to assist in developing product evaluation and certification, and codes and standards for wood-frame construction. In November 2009, Shanghai approved a new wood-frame building code² which, particularly if copied elsewhere in China, could help the Canadian wood products industry diversify its markets. Canada is the second largest supplier of softwood lumber to China.

¹ Data in this section is sourced from Statistics Canada.

² See Shanghai code approval opens up market to Canadian wood www2.news.gov.bc.ca/news_releases_2009-2013/2009_F0R0072-000595.htm (June 3, 2010).

A study²⁰ commissioned by CMHC identified a number of labour-saving and process efficiencies related to factory production which reduce the cost of producing housing. These included the following:

- Avoidance of weather delays that lower productivity in on-site construction;
- Factory inventory is better controlled and protected from weather damage and theft;

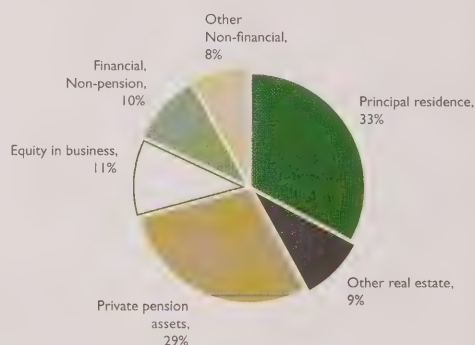
- A factory production line allows specialized labour, machinery and tools to be used continuously on specialized tasks;
- The factory setting provides a more easily controlled environment which facilitates teamwork under professional supervision.

In spite of its relatively small size, the factory-built housing sector is an important part of the residential construction industry, creating opportunities for expanding housing exports, meeting environmental challenges and contributing to innovation.

The household economy: housing is the largest asset, but also the greatest indebtedness

The principal residence accounts for one-third of the assets of Canadian households (see *Figure 2-7*). Other real estate, which includes second homes, accounted for another 9 per cent.

FIGURE 2-7
COMPOSITION OF HOUSEHOLD ASSETS,
2005

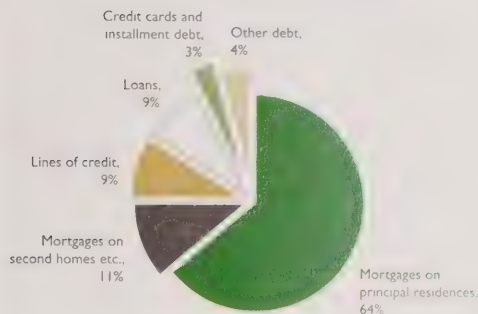


Source: Statistics Canada, (*Survey of Financial Security*, 2005)

²⁰ "Profile and Prospects of the Factory-built Housing Industry in Canada". *Research Highlight Socio-economic Series*; 06-017. Ottawa: Canada Mortgage and Housing Corporation, 2006. www.cmhc-schl.gc.ca/odpub/pdf/65220.pdf (July 10, 2010).

Mortgages on principal residences account for close to two-thirds (64 per cent) of total indebtedness of Canadian households (see *Figure 2-8*). Mortgages on other real estate, including second homes, account for another 11 per cent. Well over one-third (37 per cent) of all households reported having mortgage debt.

FIGURE 2-8
COMPOSITION OF HOUSEHOLD DEBT,
2005



Source: Statistics Canada, (Survey of Financial Security, 2005)

Good housing creates a foundation for economic prosperity

Good housing has long been considered to be a contributor to societal, community and individual welfare and achievement and to be supportive of economic growth and competitiveness. A recent study for CMHC explored these linkages, specifically how housing affects outcomes related to education, skills development and employment.

After examining over 100 relevant research studies, the authors concluded that for the individual or household, the evidence does confirm that the greater the affordability, security of tenure, choice and quality of accommodation, the greater the likelihood of positive educational performance, skills development and employment success.

Among the specific findings were:

- Good housing conditions are important for children's educational outcomes and can have positive effects in other areas such as health and employment. There was strong evidence of negative educational impacts from noisy homes, overcrowded dwellings, poor housing conditions and homelessness.
- Housing *stability* is important for educational attainment and the likelihood of graduation. The sense of security that housing stability provides along with the enhanced potential to build social support networks is also important for seeking and obtaining employment and for skills development.

Value, debt and equity in the Canadian home ownership stock

- The value of homeowner housing in Canada as of November, 2009 was \$2.7 trillion.
- Home equity of homeowners was close to \$2 trillion.
- Mortgage debt outstanding of all homeowners was over \$700 billion.

Source: Canadian Association of Accredited Mortgage Professionals (CAAMP) "Annual State of the Residential Mortgage Market in Canada, November 2009, page 6.

Housing and labour market efficiency

Lack of suitable housing at a reasonable cost can make it difficult for communities to attract skilled or unskilled workers and professionals from elsewhere to enable businesses to thrive and expand. Housing is key to labour mobility, labour market efficiency, and the economic development of regions, cities and communities.

²¹ "Overview of the Current State of Knowledge on Societal Outcomes of Housing." *Research Highlight: Socio-economic Series: 10-001*
Ottawa: Canada Mortgage and Housing Corporation, 2010. www.cmhc-schl.gc.ca/odpub/pdf/66751.pdf. (July, 12, 2010)

Conclusions

Housing is a dynamic and important industry to the Canadian economy. A strong, stable and efficient housing system, producing a choice of good housing that is accessible for Canadian households, while at the same time resource-efficient, is vital to the health, stability and future prospects of the economy.

It is crucial that the system not only meets current requirements but also has the flexibility to evolve in response to challenges and opportunities.

The response to the recent financial and economic turmoil has shown that Canada's housing system has strength and resilience as well as flexibility. The high standard of housing that the great majority of Canadians enjoy demonstrates that the system is working; however some Canadians still face difficulties in securing acceptable housing (see *Chapter 6*).



The global financial crisis led to a global economic recession. Canada was not immune to its impact. Between the fourth quarter of 2008 and the third quarter of 2009, the Canadian economy underwent a short but marked recession. Canada's gross domestic product contracted by 2.5 per cent in 2009, but recovery began in the third quarter. At its depth, 400,000 Canadians lost their jobs and the unemployment rate spiked by almost 3 percentage points to its highest level in more than a decade, averaging 8.3 per cent for 2009. Despite domestic economic weakness and mortgage market problems in many countries, Canada's housing finance system (see text box *Snapshot of Canadian Housing Finance System*) continued to serve the needs of the Canadian population as growth in lending to households was sustained. Canada's broader financial

system weathered the global financial crisis relatively well in 2009, as it had done in 2008.

In Canada and other countries, 2009 marked an important transition point. As the financial crisis subsided, policy concerns shifted toward unwinding the extraordinary support measures that many countries put in place. Central banks across the G-20¹ lowered interest rates to record lows, and together with other governmental entities, introduced or expanded programs designed to ensure financial institutions could obtain needed liquidity. In 2009, attention in many countries shifted to how best to end such special liquidity facilities. Attention also extended to putting in place new policies and practices aimed at reducing future risks. To this end, there has been considerable international interest in Canada's housing finance system.

Snapshot of Canadian Housing Finance System

In Canada, as in other advanced economies, the purchase of a home typically means getting a mortgage in order to spread out the cost over time. Mortgage lenders, such as banks, credit unions and specialized financial institutions, play one of the most visible roles in helping consumers and rental investors obtain the financing they need, but other types of firms play important roles. For example, there has been a trend toward the use of mortgage brokers that can help consumers and rental investors search across the field of mortgage lenders and mortgage products. Beyond those with whom consumers interact, the housing finance system also encompasses a range of players that perform a variety of roles, including ensuring that lenders have the funds they need to make loans and ensuring that lenders are adequately protected from the risks they take on when they make mortgage loans.

Traditionally in Canada, the majority of funding for mortgage lending has come from depositors such as individuals who purchase guaranteed investment certificates (GICs). Deposits still make up the largest funding source for mortgage lenders, but for many years, lenders have been using a broader array of sources to get the funds needed to make mortgage loans. Among these sources are government bonds, commercial bonds, bonds of which rely on capital markets. Whether mortgage funds originate from the government, capital markets or some combination of the two, mortgage interest rates are very closely connected to the interest rates that lenders must pay in order to obtain the funds they use to make mortgages.

¹ Australia, France, Germany, Italy, Japan, South Korea, the United States, the United Kingdom and Canada constitute the advanced G-20 economies. The remaining members (Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa and Turkey) are classified as emerging G-20 countries. The European Union is also a member of the G-20.

Snapshot of Canadian Housing Finance System (continued)

Mortgage loan insurance plays an important role in Canada's housing finance system. Mortgage loan insurance protects mortgage lenders against potential default on the part of mortgage borrowers. Typically, lenders require mortgage loan insurance for loans made where the purchaser has a downpayment of less than 20 per cent of the purchase price. The Canadian Bank Act prohibits federally regulated lending institutions from providing mortgages without mortgage loan insurance for amounts that exceed 80 per cent of the value of the home. Mortgage loan insurance helps protect lenders against mortgage default, and enables consumers to purchase homes with a minimum downpayment of 5 per cent—with interest rates comparable to those with a 20 per cent downpayment. From a lender's perspective, mortgage loan insurance is a valuable risk and capital management tool.

System Highlights¹

Lenders

- Nationally, most mortgages are made by the large chartered banks, but credit unions, caisses populaires, regional banks, and specialized financial institutions (which are sometimes called “monolines”) also play an important role.
- Mortgage brokers arranged approximately 38 per cent of new mortgage loans made in 2009.²

Mortgage Loan Insurance

- Mortgage loan insurance is offered by CMHC and private insurers.

Mortgage Funding

- About 60 per cent of mortgages are funded through deposits and about 32 per cent are funded through mortgage-backed securities.³
- The Government of Canada has indicated that it will help federally regulated institutions diversify their funding sources by introducing legislation setting out a framework for covered bonds.

Mortgage Products

- Almost all mortgages are “full recourse” loans, meaning that the borrower remains responsible for the mortgage even in the case of foreclosure. Mortgages are typically amortized over 25 years, although up to 35 years is permitted.
- The most common mortgage is the fixed-rate closed mortgage where the interest rate is set for five years. After the five-year term, the borrower typically negotiates another interest rate and term.
- Partial prepayment of mortgages is typically allowed, but there are often prepayment penalties.
- Mortgage interest is not tax deductible.
- A high-ratio mortgage has a loan-to-value (LTV) ratio greater than 80 per cent.
- Mortgages with LTVs of 80 per cent or less are not required under the Bank Act to be insured, and are known as conventional mortgages. Lenders often choose to purchase insurance even when it is not required.

¹ Securitization is discussed in the text boxes: *National Housing Act Mortgage-Backed Securities Program*, and *Canada Mortgage Bond Program*. Also see Mortgage Securitization below. All data in this text box are for 2009.

² 2010 Mortgage Consumer Survey (CMHC).

³ Source: Bank of Canada.

Canada's housing finance system continued to exhibit resiliency

Canadian housing finance institutions generally performed better than their international peers through the economic downturn. Canada's major banks remained profitable, as cumulative write-downs were much less than those suffered by major U.S. and European banks.² Moreover, investor confidence in Canada's largest mortgage lenders remained strong and the major Canadian banks were able to improve their capital position by raising capital from private markets in the form of both preferred shares and common stock.

Throughout Canada, mortgage arrears remained low and mortgages remained available. Low mortgage interest rates benefitted homebuyers as well as those renewing or refinancing their existing mortgages.

Financial industry practice, government involvement and regulatory oversight, and consumer behaviour explain in large proportion the relative resiliency of Canada's housing finance system.

Financial industry practice: Recent research from the International Monetary Fund (IMF) on Canada's residential mortgage market emphasized the key role of depository institutions in stabilizing Canada's housing finance system. Canadian institutions have been more prudent in terms of mortgage underwriting and product offerings as well as in capitalization, leverage and liquidity management. The Federal Reserve Bank of Cleveland investigated why the U.S. did, but Canada did not, experience a housing bust in the period following 2008. It concluded that relaxed lending standards related to a dramatic rise in subprime lending and high levels of loan securitization which had a growing

Insured Mortgage Purchase Program

In October 2008, when the global financial turmoil reduced the availability of private funding for Canadian mortgage markets and broader credit markets, the Government of Canada created the Insured Mortgage Purchase Program (IMPP). The program aimed to maintain the availability of longer-term credit in Canada by purchasing *National Housing Act* Mortgage-Backed Securities (NHA MBS) from Canadian financial institutions through a competitive auction process managed by CMHC. Ultimately, the government authorized the purchase of NHA MBS up to \$125 billion. When the program ended in March 2010, \$69 billion had been purchased through auctions.

All of the mortgages involved in this initiative were high-quality assets that were insured through CMHC or private insurers backed by the government. As a result there was no additional credit risk and no cost to taxpayers or to CMHC. The program represented an efficient and cost-effective way of providing reliable longer-term funding to Canada's financial institutions which benefitted Canadian households, businesses, and the economy.

component with no mortgage loan insurance, played a role in the housing bust in the United States.⁴ In terms of product offerings, unlike their U.S. peers, major

² *Financial System Review*. Ottawa: Bank of Canada, June 2009, December 2008. www.bankofcanada.ca/en/fsr/ (July 12, 2010). To the end of 2008, cumulative writedowns of the banking sector as a share of shareholder's equity had surpassed 50 per cent in the United States and 30 per cent in the United Kingdom. Canada's cumulative writedowns remained below 20 per cent to the end of 2009.

³ Minimum capital levels are required by banks to cover for losses occurring from their loans and investment portfolios. Leverage is a measure of the level of debt financing relative to equity financing for the bank and is gauged by the assets-to-capital multiple for federally regulated banks in Canada. Leverage allows a financial institution to increase the potential gains or losses on a position or investment beyond what would be possible through a direct investment of its own funds. By holding a portion of its assets in more liquid instruments, a bank can respond more efficiently to demands for funds to meet depositor demands, refinance portfolios, or cover losses while at the same time avoiding losses due to the inability to liquidate a position at a fair price.

⁴ The report notes: "The Canada and U.S. housing market comparison suggests that relaxed lending standards likely played a critical role in the U.S. housing bust. Monetary policy was very similar in both countries from 2000 to 2008, but housing prices rose much faster in the U.S. than in Canada. This suggests that some other factor both drove the more rapid price appreciation in U.S. prices and set the stage for the housing bust." James MacGee, "Why Didn't Canada's Housing Market Go Bust?", *Economic Commentary*, Cleveland: Federal Reserve Bank of Cleveland, December 2, 2009. www.clevelandfed.org/research/commentary/2009/0909.cfm (July 12, 2010).

Canadian mortgage institutions did not offer subprime mortgages.⁵ In terms of funding, Canadian banks have used funding models that rely less on private securitization and more on retail deposits, which are typically more stable. Also, the majority of the securitization funding done by Canadian banks is through government-backed programs where mortgage loan insurance is mandatory.

Government involvement and regulatory oversight:

Government-backed mortgage insurance and securitization had a stabilizing effect on Canada's mortgage markets during the economic downturn. Together, government-backed mortgage insurance and securitization facilitated a stable supply of low cost funding for Canadian mortgage lenders at a time when mortgage lenders in other markets faced increased difficulty and expense in obtaining funding needed to originate mortgages. Regarding financial supervision in Canada, a single federal regulator, the Office of the Superintendent of Financial Institutions (OSFI), oversees all federally regulated private lenders and insurance companies. Rigorous supervision and regulation on the part of OSFI helped to ensure adequate capitalization and manageable bank leverage levels. OSFI imposes a maximum leverage multiple of 20 within a single regulatory framework that oversees federally regulated banks.⁶

Consumer behaviour: On a percentage basis, Canadian homeowners typically have more equity in their homes than their U.S. counterparts.⁷ The generally high equity position of Canadian homeowners helps provide a buffer against adverse movements in housing prices.

Indications of improved housing finance conditions in 2009

Declining participation in the IMPP program underscores the improvement in financial conditions. The first auction in October 2008 resulted in purchases of \$5 billion.⁸

The auction of November 23, 2009 resulted in purchases of only some \$500 million. As of March 31, 2010, \$69 billion had been purchased through this program.

By October 2009, the use of the Bank of Canada's regular short-term liquidity facilities had declined to nearly half of the level of its peak use of \$40 billion in December 2008. Additional liquidity facilities introduced in 2009 were provided in exchange for non-mortgage portfolios, money market instruments and private sector investment-grade corporate bonds but had very low take-up levels. During the first four months of 2010, the Bank continued the operations of its main form of liquidity support, the Term Purchase and Resale Agreement (PRA), launching five auctions. On April 20, 2010, it announced that no further Term PRA operations would be scheduled in 2010.

Strengthening the system

In 2008, the Government modified existing mortgage insurance rules to protect and strengthen Canadian housing markets. The following modifications were implemented:

- A prohibition against loans with no amortization in initial years;
- A maximum loan-to-value ratio of 95 per cent;
- A maximum amortization of 35 years;
- A minimum credit score, and
- Minimum loan documentation standards.

On February 16, 2010 the Government announced further enhancements to the mortgage insurance rules designed to provide additional support to the long-term stability of Canada's housing market:

- All borrowers must meet the standards for a five-year fixed-rate mortgage even if they choose a mortgage with a lower interest rate and shorter term.

⁵ There is no universally accepted definition of sub-prime mortgages, but in general, a sub-prime mortgage is one where the borrower has a weak or flawed credit history (e.g., payment delinquencies, previous charge-offs, judgments or bankruptcies).

⁶ The assets-to-capital multiple is calculated as the division of a banking group's total adjusted consolidated assets by its consolidated capital. See Katia D'Hulster, "The Leverage Ratio", *Crisis Response, Note Number 11*. Washington, D.C.: The World Bank Group, December 2009. rru.worldbank.org/documents/CrisisResponse/Note11.pdf (July 12, 2010).

⁷ Kyle Davies, Rob Daniel, *Fall 2009 Canadian Mortgage Industry Snapshot*. Toronto: Canadian Association of Accredited Mortgage Professionals, 2009. www.caamp.org/info.php?pid=53 (June 4, 2010).

⁸ NHA MBS Auction Operations. Ottawa: Canada Mortgage and Housing Corporation. www.cmhc-schl.gc.ca/en/hoficlincl/mobase/auop (July 12, 2010).

- The maximum amount Canadians can withdraw in refinancing their mortgages was lowered from 95 per cent to 90 per cent of the value of their homes.
- A minimum downpayment of 20 per cent is required in order to be eligible to obtain government-backed mortgage insurance on non-owner-occupied properties (one to four units) purchased for speculation.⁹

Beyond the changes to mortgage insurance rules, efforts to improve Canada's housing finance system include the Government of Canada's Task Force on Financial Literacy, announced in the 2009 federal budget. It will provide advice and recommendations to the Minister of Finance on a national strategy to strengthen the financial literacy of Canadians, in order to help Canadians make more informed mortgage and financial decisions. This will not only promote increased financial well-being among individuals and households, but also strengthen Canada's housing finance system.

In its Budget 2010, the Government of Canada indicated that it will help federally regulated financial institutions diversify their funding sources by introducing legislation setting out a framework for covered bonds, a form of private funding (see *Covered bonds*). Ultimately, this will also help consumers by ensuring that mortgage lenders have access to diverse sources of funding that can be used to originate mortgages.

In addition to the domestic initiatives discussed above, Canada is participating in several international initiatives by adopting international standards that will impact housing finance here in Canada. Canadian publically accountable entities, including mortgage lenders and other housing finance institutions, will be required to adopt International Financial Reporting Standards (IFRS) for their fiscal years beginning on or after January 1, 2011. IFRS will replace Generally Accepted Accounting Principles (GAAP). Additionally, reforms to Basel capital rules, the international accord regarding the prudential regulation of banking institutions, may impact Canadian housing finance institutions once they become effective, tentatively by the end of 2012.

FAST Facts

- The Insured Mortgage Purchase Program (IMPP) experienced decreasing volumes of usage in 2009, reflecting improvement in financial and funding conditions.
- In 2009, the Bank of Canada continued to lower its overnight lending rate, which contributed to lower mortgage rates. The five-year fixed mortgage rate averaged 5.63 per cent and the five-year variable mortgage rate averaged 3.20 per cent in 2009.
- As of December 31, 2009, total outstanding mortgage credit at \$965 billion was up per cent from twelve months earlier when it was \$903 billion.
- Total NHA MBS issuance amounted to \$55.1 billion in 2009, up \$19 billion from 2008, bringing the total NHA MBS outstanding to \$298.3 billion as of the end of 2009.
- Total CMB issuance rose to \$46.9 billion in 2009, up \$3.4 billion compared to 2008, bringing the total CMB outstanding to \$175.6 billion as of year-end 2009.
- By December 31, 2009, 0.45 per cent (18,059) of Canadian residential mortgages were three months or more in arrears, compared to 0.33 per cent (12,914) twelve months earlier. The annual average of 0.41 per cent in 2009 was below the historical average of 0.43 per cent over the period 1991 to 2009.

The exact nature and extent of these reforms have not been finalized, but they will be aimed at strengthening financial systems across the globe.

⁹ See *Background, Residential Mortgage Insurance*, Ottawa: Department of Finance Canada, 2010. www.fin.gc.ca/n10/10-011-eng.asp (August 12, 2010).

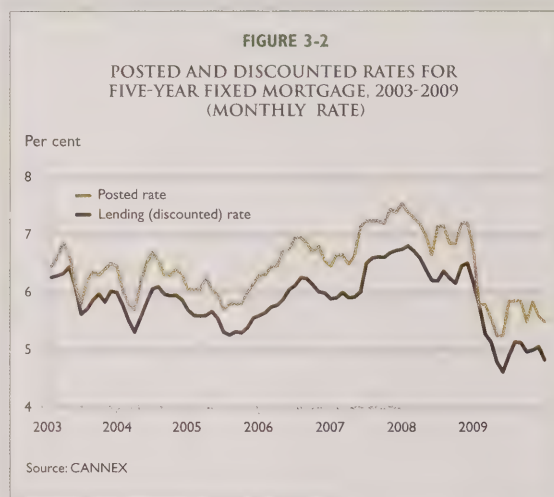
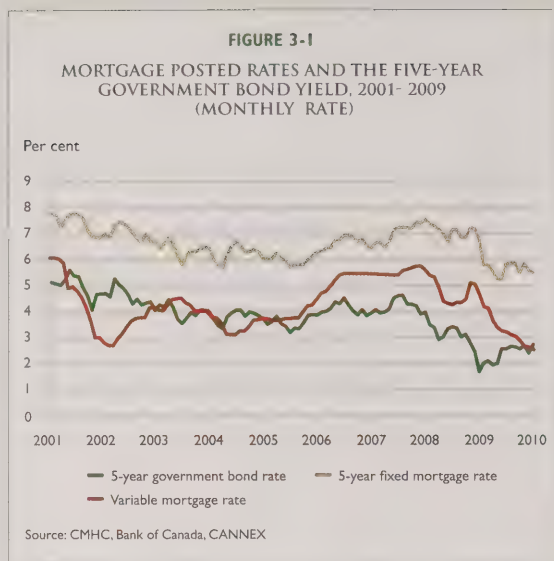
The Bank of Canada's continued support of the economy through monetary policy

To support the economic recovery, the Bank of Canada continued to lower its overnight lending rate¹⁰ to a low of 25 basis points.¹¹ This included a reduction of 25 basis points on April 21, 2009 following two 50 basis point decreases in the first quarter of 2009. The cumulative decline in the overnight rate during the year was 125 basis points.

The rate reductions were accompanied by expanded liquidity facilities. Through the Purchase and Resale Agreement (PRA), the Bank of Canada provided term liquidity (one month or greater) to counterparties. In a PRA transaction, the Bank of Canada buys eligible securities from its counterparty and agrees to sell the securities back to the counterparty at the end of the term. As the credit and liquidity turmoil intensified in the fall of 2008, the Bank expanded its provision of liquidity by transacting more frequently, with a broader range of counterparties, for longer terms, and against a wider range of eligible instruments. Peak use of liquidity facilities was reached in December 2008. Market funding conditions improved beginning in the spring of 2009, and as they improved, the Bank gradually reduced the amounts of liquidity offered and discontinued facilities that were no longer required.¹²

Canadian mortgage rates eased

The lowering of the Bank of Canada benchmark rate and the improved market conditions contributed to reductions in mortgage rates (see *Figures 3-1 and 3-2*). The posted five-year fixed mortgage rate averaged 5.63 per cent in 2009, while the posted five-year variable mortgage rate averaged 3.20 per cent, representing declines of 153 basis points and 149 basis points, respectively, compared to 2008.



¹⁰ The overnight rate is the interest rate charged between major financial institutions for borrowing and lending overnight funds among themselves. The Bank of Canada sets a target level for the rate. The target influences other interest rates, such as those for consumer loans and mortgages.

¹¹ 100 basis points equals 1 percentage point.

¹² See Lorie Zorn, Carolyn Wilkins, Walter Engert, "Bank of Canada Liquidity Actions in Response to the Financial Market Turmoil". *Bank of Canada Review*, Ottawa: Bank of Canada, Autumn 2009. www.bank-banque-canada.ca/en/review/autumn09/zorn.pdf (July 12, 2010).

Covered bonds

Covered bonds are secured debt instruments issued, for example, by financial institutions. The defining feature of covered bonds is that, in the event of issuer insolvency, bondholders have both a claim on the issuing bank and a priority claim (over unsecured creditors) on the bond's dedicated and specified collateral which may consist of insured or uninsured mortgages. The collateral assets for the covered bonds typically are retained on the issuers' balance sheet. Covered bonds help banks diversify their funding sources and broaden the investor base. Europe has a long history of covered bond usage.

In June 2007, OSFI completed an initial review of regulatory considerations regarding the issuance of covered bonds by Canadian banks and issued guidelines allowing for a limited issuance of up to 4 per cent of a bank's total assets.¹

In support of this new source of funding in Canada, Budget 2010 announced that the Government will help federally regulated financial institutions diversify their funding sources by introducing legislation setting out a framework for covered bonds. The legislation will increase legal certainty for investors in these debt instruments, thereby making it easier for Canadian institutions to access this low-cost source of funding.

¹ See Office of the Superintendent of Financial Institutions Canada – Industry Notices, June 27, 2007: www.osfi-bisfc.gc.ca/app/DocRepository/1/eng/notices/osfi/cvbnds_e.pdf (June 15, 2010).

² See Department of Finance Budget 2010, page 113, Leading the Way on Jobs and Growth: www.budget.gc.ca/2010/pdf/budget-planbudgetaire-eng.pdf (June 4, 2010).

National Housing Act Mortgage-Backed Securities (NHA MBS) Program

CMHC launched the NHA MBS Program in 1987, in order to improve the availability of low-cost funding for mortgages. NHA MBS are securities backed by pools of residential mortgages insured by CMHC or private mortgage insurers.

Investors in NHA MBS receive monthly installments of principal and interest as “pass-through payments” from the cash flows of the underlying mortgages.

The NHA MBS program enables investors to invest in the secondary mortgage market in a way similar to the bond market. For mortgage lenders, the proceeds from the sale of NHA MBS provide an additional source of mortgage funding.

Canada Mortgage Bond (CMB) Program

The CMB Program was designed to complement CMHC's long-standing NHA MBS Program. Introduced in 2001, the CMB Program has provided a continuing investment opportunity for investors and a cost-effective source of funding for mortgage lenders. The objectives of the program are to increase the supply of funds to, and the competitiveness of, the mortgage market and thereby lower mortgage costs for Canadians.

CMBs are issued by the Canada Housing Trust (CHT). The CHT is a legal entity at arm's length to CMHC. CHT acquires interests in eligible insured housing loans, such as *National Housing Act* Mortgage-Backed Securities. The CHT also purchases highly-rated investments, undertakes certain related financial hedging activities and issues Canada Mortgage Bonds (CMBs). CMBs are guaranteed by CMHC. CMHC also acts as the financial services advisor to the CHT, determining market demand for bond issuance, and engaging an underwriting syndicate to underwrite bond issues. CMHC receives a fee from CHT for its services as guarantor and financial services advisor. The day-to-day activities of the CHT are administered through a separate corporate entity serving as the trust administrator. As required under Accounting Guideline 15 of Canada's Accounting Standards Board, CHT's financial results are consolidated with CMHC's financial statements as CHT is considered a variable interest entity. The timely payment of interest and principal to investors is guaranteed by CMHC and backed by the Government of Canada. The CHT uses the proceeds from the bonds to purchase NHA MBS (that were issued via the NHA MBS Program). The lenders then use the funds obtained from selling the NHA MBS for lending to mortgage borrowers.

Most CMBs are fixed-rate, five- or ten-year terms with semi-annual payments. Since its introduction, the Program has expanded and also includes multi-family residential mortgages.

Compared to NHA MBS, the CMB Program effectively converts the monthly and amortizing cash flows of the NHA MBS into typical bond-like payments, i.e., semi-annual coupon payments and a final principal payment. Thus, CMBs are appealing to a broader investor base, more investor-friendly, and therefore, funding via CMBs can be achieved at relatively lower costs.

Due to improving economic conditions and expectations regarding inflation and interest rates, longer-term mortgage rates increased very slightly during the second half of 2009. From July to December 2009, the five-year fixed posted mortgage rate increased by 11 basis points and averaged 5.69 per cent in the second half of 2009.

The average interest rates obtained by those taking out five-year fixed-rate mortgages were 58 basis points below the average posted rates in 2009, compared to an average mortgage discount of 65 basis points in 2008.¹³

Lower mortgage rates exerted a downward effect on consumer debt service ratios. Based on the *FIRM Residential Mortgage Survey*,¹⁴ the percentages of disposable income going to interest payments for both mortgage debt and consumer debt changed little in 2009 due to a continued low interest rate environment. Households with mortgages paid roughly 4.1 per cent of their annual disposable income in mortgage interest debt service (see *Figure 3-3*).¹⁵

¹³ Source: CANNEX. Toronto.

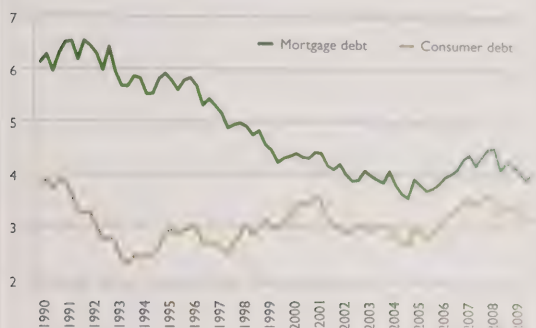
¹⁴ Source: The Financial Industry Research Monitor (FIRM) *Residential Mortgage Survey*, prepared for CMHC by Altus Group Consulting and Ipsos Reid.

¹⁵ In the case of mortgage installments, interest debt service is the portion of the monthly payment of interest on balance due and excludes the portion of loan installment allocated to principal repayment. See "Trends in provincial and territorial economic statistics: 1981-2002", Research Paper Income and Expenditure Accounts technical series; No 043. Ottawa: Statistics Canada, November 2003. www.statcan.gc.ca/pub/13-604-m/13-604-m2003043-eng.pdf (July 12, 2010).

FIGURE 3-3

TRENDS IN HOUSEHOLD DEBT SERVICE RATIOS

Interest paid on debt as per cent of disposable income



Source: FIRM Residential Mortgage Survey, Altus Group Consulting/Ipsos Reid, prepared for CMHC, January 2010.

In the fourth quarter of 2009, the ratio of an estimated mortgage payment to average personal disposable income per worker was 33 per cent, a proportion very similar to the previous year (32 per cent). The ratio observed in 2009 is close to its historical average, which is 31 per cent (see *Figure 3-4*).¹⁶

Canadian mortgage credit outstanding increased moderately in 2009

The volume of residential mortgage credit outstanding reached \$965 billion in December 2009, up from \$903 billion 12 months earlier (see *Figure 3-5*).

Mortgage securitization

The amount of market NHA MBS issued in 2009 was \$55.1 billion, up \$19 billion from 2008. Total CMB issuance rose to \$46.9 billion, up \$3.4 billion compared to 2008 (see *Figure 3-6*). Increased volumes were in part due to the creation in 2008 of a 10-year maturity CMB, reflecting higher demand for funding via the government-backed securitization programs, and also partly due to IMPP. There was no issuance of private, or non-government-backed, MBS in Canada during 2009.

FIGURE 3-4

AVERAGE MORTGAGE PAYMENT AS PERCENTAGE OF PERSONAL DISPOSABLE INCOME PER WORKER, 1988-2009 (QUARTERLY)



FIGURE 3-5

TOTAL RESIDENTIAL MORTGAGE CREDIT OUTSTANDING, 2001-2009 (YEAR END)



¹⁶ 1988 to 2009

FIGURE 3-6

TOTAL ANNUAL ISSUANCE OF NHA MORTGAGE-BACKED SECURITIES (MBS) AND CANADA MORTGAGE BONDS (CMB), 2001-2009

Billions of dollars

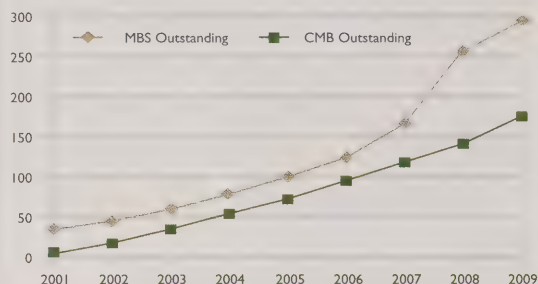


Source: CMHC

FIGURE 3-7

TOTAL NHA MORTGAGE-BACKED SECURITIES AND CANADA MORTGAGE BONDS OUTSTANDING, 2001-2009

Billions of dollars



Source: CMHC

There was a total of \$298.3 billion of NHA MBS outstanding and \$175.6 billion CMB outstanding by year-end 2009 (see *Figure 3-7*).

In addition to mortgage securitization, covered bonds (see *Covered bonds* text box) are emerging as a funding alternative for some Canadian mortgage lenders. In 2009, a total of approximately \$1.43 billion of covered bonds were issued by Canadian banks. As of January, 2010, the outstanding amount of covered bonds issued by Canadian banks totalled approximately \$13 billion.

During the first four months of 2010, covered bonds were issued on three occasions by Canadian banks. Total issuance during that period amounted to \$4.37 billion.

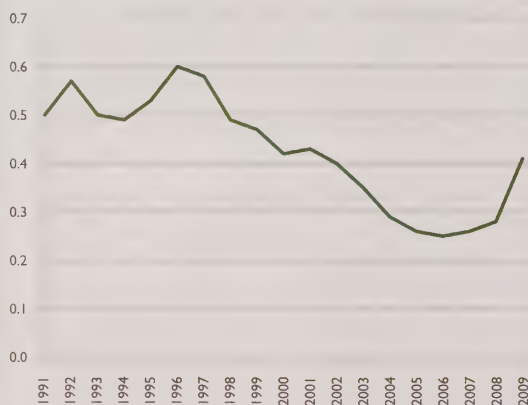
Canadian residential mortgages in arrears

By December 31, 2009, 0.45 per cent (18,059) of Canadian residential mortgages were three months or more in arrears, compared to 0.33 per cent (12,914) twelve months earlier.¹⁷ The annual average rate of mortgage arrears was 0.41 per cent in 2009, up from 0.28 per cent in 2008 (see *Figure 3-8*).

FIGURE 3-8

CANADIAN RESIDENTIAL MORTGAGES THREE MONTHS OR MORE IN ARREARS (ANNUAL AVERAGE) 1991-2009

Per cent



Source: Canadian Bankers Association

¹⁷ Canadian Bankers Association (CBA). www.cba.ca (accessed July 13, 2010).

Home ownership equity position

The average Canadian homeowner's equity position is about 74 per cent compared with 43 per cent in the United States.¹⁸ About 60 per cent of Canadian households that own their home have a mortgage.¹⁹ Among the subset of mortgage holders, about 80 per cent have at least 20 per cent equity in their homes whereas about 9 per cent have less than 10 per cent equity in their homes (see *Figure 3-9*).

About 18 per cent of homeowners withdrew equity from their homes or increased their mortgage principal in the 12 months to October 2009, down from 22 per cent in the previous year. The average amount withdrawn was \$32,000, a decrease of \$9,000 from the previous year. About 59 per cent of the total amount withdrawn was for new expenditures, as opposed to other debt consolidation and repayment.

Summary

Canada's financial system weathered the global financial crisis relatively well in 2009, as it had in 2008. Canada's housing finance system continued to serve the needs of Canadian borrowers, despite some economic weakness and mortgage market problems in other countries.

Improved capital market conditions together with a lowered Bank of Canada overnight rate contributed to further reductions in mortgage rates.

FIGURE 3-9
EQUITY POSITION OF CANADIAN
MORTGAGE HOLDERS
FALL 2009



¹⁸ Kyle Davies, Rob Daniel, *Fall 2009 Mortgage Industry Snapshot*. Toronto: Canadian Association of Accredited Mortgage Professionals, Fall 2009. www.caamp.org/info.php?pid=53 (July 13, 2010).

¹⁹ "Changing Patterns in Canadian Homeownership and Shelter Costs, 2006 Census: Findings", *2006 Census: Analysis Series*. Ottawa: Statistics Canada, 2009. www12.statcan.gc.ca/census-recensement/2006/as-sa/97-554/index-eng.cfm (July 13, 2010).



Current Market Developments

4



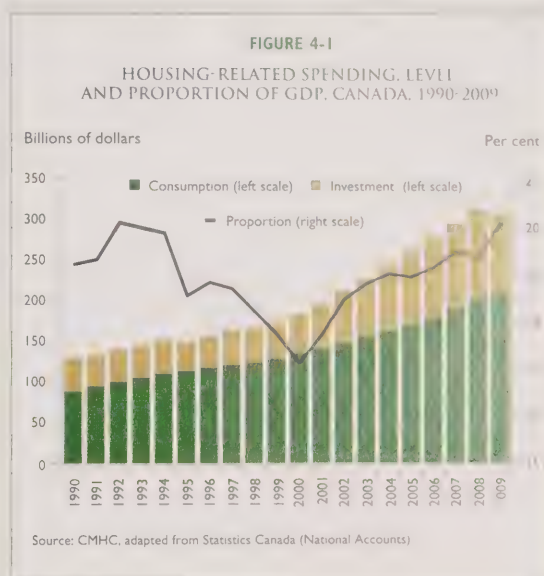
The housing market was impacted by the economic downturn in 2009. New residential construction was down sharply, and housing prices began the year at a low ebb after falling in 2008. As the year progressed, however, the market showed signs of strengthening. The pace of housing starts increased during the year (from quarter to quarter), sales of existing homes rose, and a range of indicators showed housing prices rising at year end. Renovation spending continued to trend upward, supported by very low interest rates, high levels of existing home sales in recent years, and the Home Renovation Tax Credit.

Because housing demand increased in the latter half of 2009, seller's market conditions became prevalent throughout most of Canada. The strong ownership market in 2009 was the major contributor to the increase in rental vacancy rates in most provinces.

Though down slightly, housing-related spending increased as a percentage of GDP in 2009¹

In 2009, housing-related spending contributed about \$307 billion (not adjusted for inflation) to the Canadian economy (see *Figure 4-1*), down 1.2 per cent from about \$310 billion in 2008. This is much less than the 4.5 per cent decrease in Canada's nominal gross domestic product (GDP). As a result, the proportion of GDP spent on housing rose from 19.4 per cent in 2008 to 20.1 per cent in 2009.

A portion of housing-related spending can be categorized as ongoing consumption, while the remainder represents investment. Housing-related consumption expenditures include spending on items such as rent, mortgage interest, property taxes, heating, electricity, water, insurance and routine maintenance.² Housing-related consumption spending was about \$208 billion,³ about two-thirds of all housing-related spending, in 2009.



¹ Because of updates or other revisions to historical estimates, data in this chapter may not match figures published in previous editions of the *Canadian Housing Observer*.

² The housing-related spending of tenants is typically calculated by aggregating the rents paid. Calculating housing-related consumption spending for owner households is done in a similar way. Rather than calculating money spent by owners on mortgage interest, taxes, maintenance, etc., owners are treated as though they are paying an "imputed" rent to themselves. This imputed rent is based on what they would be able to charge if they rented out their dwelling to someone else. Thus, owners without mortgages are treated in the same way as owners with mortgages, and the contribution of owner-occupied housing to overall economic activity is not underestimated.

³ Part of housing-related consumption is rents. In 2009, rents paid by tenants reached more than \$43 billion, while rent imputed to owners represented about \$131 billion. Source: CMHC, adapted from Statistics Canada (CANSIM).

Housing-related investment, which represents spending on new construction, renovations that increase the value of the home⁴ (also called alterations and improvements), and transfer costs or fees associated with the purchase of an existing home,⁵ moderated from \$108.1 billion in 2008 to \$99.0 billion in 2009.

Housing starts began to recover in the second half of 2009

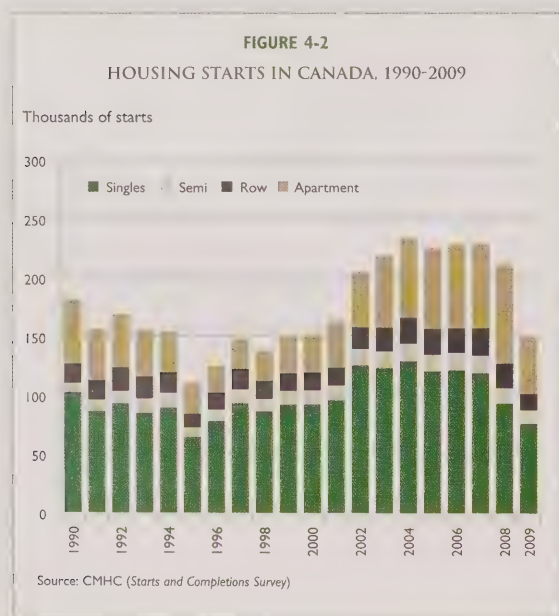
The impact of the global economic downturn that was triggered by the financial market turmoil relating to the U.S. housing market correction was felt in Canada's housing market in 2008 and early 2009. The slowing economy, job losses and general economic uncertainty affected housing demand. For 2009 as a whole, housing starts in Canada decreased to 149,081 units from the unsustainable level of 211,056 units in 2008 (see *Figure 4-2*). Activity declined in nearly all areas of Canada; only Prince Edward Island recorded a gain in 2009. Larger-than-

average percentage decreases were recorded in British Columbia, Saskatchewan, Ontario, and Alberta. By the end of 2009, however, Canada's housing market had recovered strongly, driven by an improving economy and historical lows in interest rates, which helped boost affordability. This improvement in housing affordability triggered a rebound in housing demand once economic conditions began to stabilize. Finally, low interest rates brought demand forward from 2010, pushing housing starts above the level of household formation.

Demographic models suggest that current household formation is approximately 175,000 net new households per year. These projections are based on current age and gender make-up, projections for migration and past household formation. Housing starts and household formation are closely linked over time. The number of housing starts in a given year, however, can fluctuate above or below expected household formation depending on economic conditions or other factors such as conversions, demolitions and changes in vacancy rates. Housing starts trended down from a seasonally adjusted annualized pace of about 242,600 units in March 2008 to 112,000 units in April 2009. Since then, however, starts trended higher to reach 175,700 units in December.

Both single-detached and multiple-family starts trended higher in the second half of 2009

Due to weak housing demand in the early months of 2009, starts of both single-detached homes and multiple-family homes decreased in 2009 compared to the previous year (see *Figure 4-3*). Single-detached starts declined to 75,659 units in 2009 compared to 93,202 units in 2008, while multiple-family starts reached 73,422 units in 2009, down from 117,854 units the previous year. All regions in Canada experienced declines in single-detached starts. In percentage terms, the largest reduction was in Saskatchewan, followed by British Columbia and Ontario. The largest drop in multiple-family starts took place in British Columbia, with Alberta, Saskatchewan, and Manitoba, also recording larger-than-average decreases.

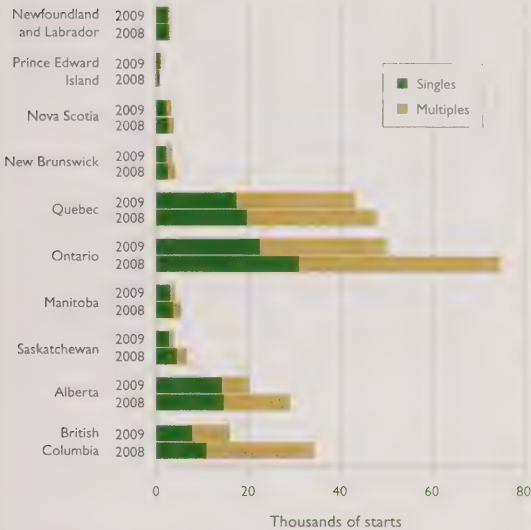


⁴ Includes acquisition costs such as land development charges, legal fees and permits.

⁵ Includes real estate commissions, land transfer taxes, appraisals and legal fees.

FIGURE 4-3

HOUSING STARTS BY PROVINCE, 2008-2009



Source: CMHC (Starts and Completions Survey)

Despite the declines in the annual numbers, both single-detached and multiple-family starts trended higher in Canada during the second half of 2009. Single-detached starts, after falling to 64,900 units at seasonally adjusted annual rates in the second quarter of 2009, increased by 48 per cent to reach 96,200 units in the fourth quarter. Multiple-family starts, which reached 64,800 units in the second quarter of 2009, climbed by about 27 per cent to reach 82,200 units in the fourth quarter.

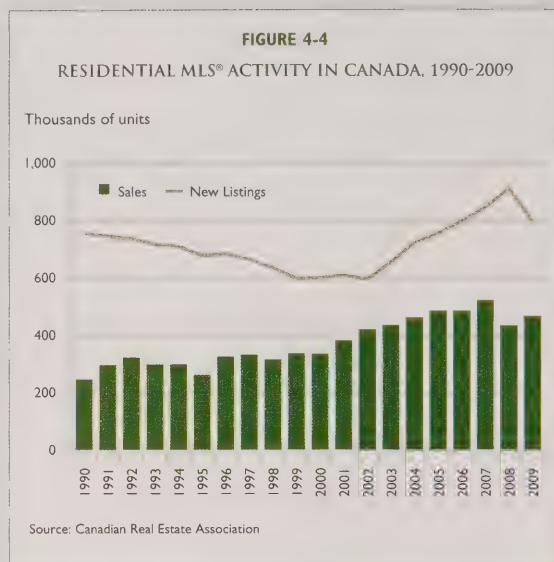
Following many years of strong house price growth, an increasing number of home buyers were purchasing less expensive multiple-family homes, such as townhomes, semi-detached homes, and apartments. As a result, starts of multiple-family homes grew as a share of total housing starts from 2002 to 2008, and exceeded single-detached starts in 2008 for the first time since 1982. In 2009, however, as affordability improved due to low mortgage rates and lower house prices, the share of single-detached starts increased.

FAST Facts

- With a contribution of over \$300 billion to the Canadian economy in 2009, housing-related spending accounted for one-fifth of total economic activity in Canada.
- Housing starts in Canada decreased to 149,081 units in 2009 compared to 211,056 units in 2008. Prior to 2009, starts had been above 200,000 units, which exceeded the levels of household formation.
- In 2009, there were 465,251 existing homes sold through the Multiple Listing Service® (MLS®), up 7.7 per cent from 2008.
- As measured by Teranet and the National Bank (TNB) index, house prices rose by 5.2 per cent between December 2008 and December 2009.
- Renovation spending for alterations and improvements was \$40.3 billion in 2009, while repairs climbed to \$13.6 billion.
- The average rental apartment availability rate in Canada's 35 major centres was 4.2 per cent in October 2009, up from 3.3 per cent in October 2008.
- The highest average monthly rents for two-bedroom apartments in new and existing privately initiated apartment structures of three or more units were in Vancouver (\$1,169), Calgary (\$1,099) and Toronto (\$1,096); the lowest were in Saguenay (\$518), Trois-Rivières (\$520), and Sherbrooke (\$553).

Resale prices and sales of existing homes increased in 2009

MLS® sales in Canada reached 465,251 units in 2009, up from 431,823 in 2008. Low mortgage rates and increased affordability caused housing demand to rebound in 2009 (see *Figure 4-4*). Sales of existing homes trended lower in 2008 and began to recover in January 2009. As economic conditions stabilized, MLS® sales increased, reaching a seasonally adjusted annual rate of 541,848 units by December, back in line with the peak levels of 543,192 units reached in 2007 before the economic downturn. As existing home sales recovered, the supply of homes listed for sale remained low. As a result, a shift from buyer's market conditions back to seller's market conditions occurred during 2009 (see *Figure 4-5*).⁶ Accordingly, house prices recovered in 2009 to reach \$343,520 by December, above the previous peak in the average MLS price of \$325,086 in December of 2007. When comparing these peak-to-peak values, MLS® prices rose 5.7 per cent, or an annual average of 2.8 per cent.



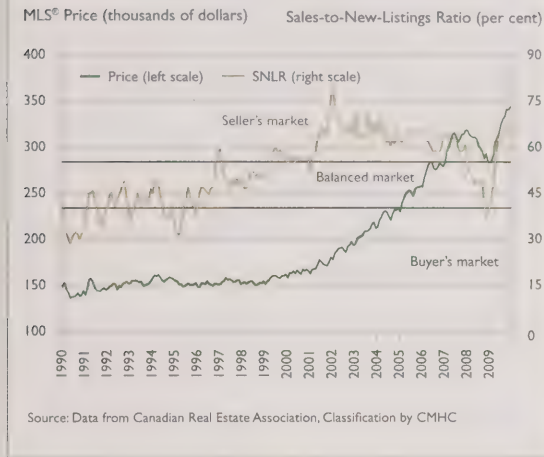
Housing prices

Average prices for existing homes in Canada reached a peak of \$318,938 in the fourth quarter of 2007, following several years of steady growth. The onset of weaker economic conditions in 2008 was reflected in decreased housing demand. As a result, home prices fell 10.1 per cent by the first quarter of 2009, offsetting almost all gains since the end of 2006. Improving financial conditions and low interest rates in 2009 encouraged the release of the pent-up demand that had built-up over 2008. In addition, the decline in the overnight rate to its effective lower bound of 0.25 per cent further encouraged housing demand, as some households sought to take advantage of historically low mortgage rates and favourable affordability conditions by entering into home ownership sooner than they otherwise would have ("pulled-forward" demand). This surge in demand, ahead of the supply of new listings, has created some upward pressure on average existing home prices. To a large extent, price gains in 2009 reflected a return back to levels that prevailed prior to the economic downturn. Measured from the fourth quarter of 2007 to the fourth quarter of 2009, home prices rose 7.1 per cent. This translates to an average annual rate of price growth of 3.5 per cent over this period, which is not out-of-line with average historical rates.

Indexes of average existing home prices are subject to distortions that can exaggerate home price changes. A simple average of the prices of all homes sold in Canada can be affected by changes in the quality, size, and location of homes sold, and skew national price estimates (as well as aggregate changes within regions).

⁶ Buyer's market conditions prevail when the sales-to-new-listings ratio is below 40 per cent. A seller's market occurs when the ratio is above 55 per cent.

FIGURE 4-5

SALES-TO-NEW-LISTINGS RATIO AND
AVERAGE MLS® PRICE IN CANADA, 1990-2009

For the year as a whole, the average MLS® home price was \$320,333 in 2009, an increase of approximately 5.0 per cent when compared with the previous year (see *Figure 4-5*). Historical lows in interest rates, coupled with a small inventory of existing homes, helped to push up the average price. Newfoundland and Labrador had the strongest price gain at 15.6 per cent, followed by New Brunswick at 6.3 per cent. The only province to experience a decrease was Alberta, at -3.3 per cent (see *Figure 4-6*).

For comparison to MLS® price changes, the Teranet and the National Bank (TNB) produce an existing house price index that controls for quality-compositional effects. Rather than taking the simple average of all homes sold in a particular region, then comparing this to the simple average of all homes sold the previous month in the same region, the TNB index only includes homes that have been sold at least once before. This makes it possible to control for the impact of changing home quality, since it is now possible to track the change in the sales price for the same homes over time. This index also controls for regional-compositional effects. With a simple average, when sales are heavily concentrated in the least-expensive markets one month but are then concentrated in the most-expensive markets the following month, the simple average of national home prices could

show a jump in month-over-month national price growth that is larger than anything seen within the individual regions, and thus a distorted picture of what is happening to prices across the country. The TNB index holds the provincial shares constant from month-to-month, to provide a more accurate representation of house price changes. Statistics Canada's New Housing Price Index also controls for quality- and regional-compositional effects using a different methodology.

As measured by the TNB index, Canadian home prices from December 2007 to December 2009 increased 4.6 per cent. From December 2008 to December 2009, the TNB index rose by 5.2 per cent. This alternative measure of housing price growth in Canada strongly suggests that recent developments in home prices have been much less volatile than indicated by average MLS® price changes.

FIGURE 4-6

MLS® AVERAGE RESIDENTIAL PRICE,
CANADA AND PROVINCES, 2008 AND 2009

	2008 (\$)	2009 (\$)	% Change
Canada	304,971	320,333	5.0
Newfoundland and Labrador	178,477	206,374	15.6
Prince Edward Island	139,944	146,044	4.4
Nova Scotia	189,932	196,690	3.6
New Brunswick	145,762	154,906	6.3
Quebec	220,092	230,245	4.6
Ontario	302,354	318,366	5.3
Manitoba	190,296	201,343	5.8
Saskatchewan	224,592	233,695	4.1
Alberta	352,857	341,201	-3.3
British Columbia	454,599	465,725	2.4
Source: CREA (MLS®)			

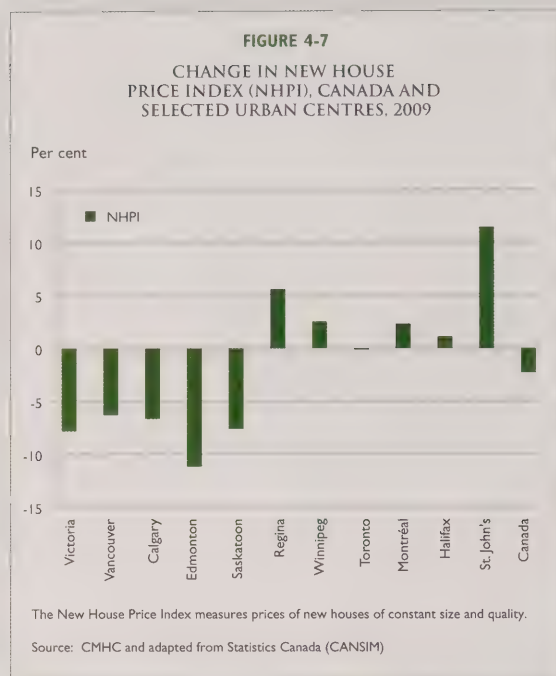
Inventory of completed and unoccupied single- and semi-detached homes was low in 2009

The return to seller's market conditions in 2009 caused housing demand to spill over from the existing home market into the new home market. The inventory of completed and unoccupied single- and semi-detached homes was at a relatively low level. The number of completed and unoccupied single- and semi-detached homes decreased from 8,981 units in March 2009 to 5,537 units by the end of 2009. The inventory of completed and unoccupied apartments and row homes increased to 13,010 units, which is below the peak levels experienced in the economic downturn of the early 1990s.

New house prices moderated in 2009

The New Housing Price Index (NHPI) fell 2.3 per cent in 2009. The NHPI is a measure of change in the prices of new homes of constant size and quality.⁷ Lower housing demand due to the economic downturn was the major contributor to the decrease in the NHPI. Decreases were registered in eight of twenty-one centres. The largest increase in the NHPI in 2009 occurred in St. John's at 11.5 per cent, while the largest decrease was in Edmonton at 11.2 per cent (see Figure 4-7). Although the NHPI fell nationally on an annual basis, the rate of decrease moderated during the year as economic conditions improved, and the index recorded an increase in the fourth quarter.

CMHC's publication entitled Housing Information Monthly provides an insight into Canada's housing market as well. Some of the information it provides details absorptions and completions. The number of units absorbed is simply how many completed units during a particular time frame have been sold or rented (i.e., in use). If the number of units absorbed is less than the number of units completed, it indicates some market weakness in that demand is not meeting supply. If the number of units absorbed is greater than the number of units completed, then the market is said to have strong demand. With respect to 2009, there were 63,401 newly completed units, compared to 66,564 units absorbed. This indicates that the level of demand for homes is still supporting Canada's housing market. This should not be that surprising given the low level of interest rates during 2009, which helped to improve affordability.



Rental demand fell and supply increased

Demand for rental housing in Canada decreased in 2009 due to slower growth in youth employment and improved affordability of home ownership options. On the supply side, increased rental construction and competition from the condominium market also added upward pressure on vacancy rates.

An estimated 15,657 rental apartments were completed in Census Metropolitan Areas between October 2008 and September 2009, up 9 per cent from the number completed in the year ending September 2008. The number of condo completions was 45,655 units in the 12 months ending September 2009, up 13 per cent from the 40,404 completed in the previous year. Condominiums can have an impact on vacancy rates, because they can be a relatively inexpensive form of housing that is often purchased by renter households making the switch to home ownership. Condos also help supplement rental supply because some units are purchased by investors who in turn rent them out.

⁷ Defined so that the specifications of a home such as lot size, house size, and features do not change over time.

Rental vacancy and availability rates rose in 2009

Vacancy rates in October 2009 increased in eight out of ten provinces. The largest vacancy rate increase occurred in Alberta (up 3.1 percentage points to 5.6 per cent), (see *Figure 4-8*) reflecting higher vacancy rates in both Edmonton and Calgary, lower migration into the province and increased competition from the secondary rental market.⁸ Vacancy rates were lower in Newfoundland and Labrador by 0.1 percentage point to 1.0 per cent, and in Nova Scotia by 0.4 percentage point to 3.1 per cent.

The average vacancy rate for apartments built for the purpose of rental in Canada's 35 major urban centres⁹ increased by 0.6 of a percentage point to 2.8 per cent in October 2009, compared to October 2008 (see *Figure 4-9*). Looking at centres with a population greater than 10,000 people, the vacancy rate was 3.0 per cent in October 2009. The centres with the highest vacancy rates in 2009 were Windsor (13.0 per cent), Abbotsford (6.1 per cent), Peterborough (6.0 per cent), Calgary (5.3 per cent), and London (5.0 per cent). Those with the lowest vacancy rates were Regina (0.6 per cent), Québec (0.6 per cent), St. John's (0.9 per cent), Winnipeg (1.1 per cent), Kingston (1.3 per cent), and Victoria (1.4 per cent).

FIGURE 4-8
RENTAL VACANCY RATES, CANADA AND PROVINCES,
2008 AND 2009

Canada	2008 (%)	2009 (%)	Change in percentage points
Canada	2.3	3.0	0.7
Newfoundland and Labrador	1.1	1.0	-0.1
Prince Edward Island	2.6	3.1	0.5
Nova Scotia	3.5	3.1	-0.4
New Brunswick	3.6	3.8	0.2
Quebec	2.2	2.4	0.2
Ontario	2.7	3.5	0.8
Manitoba	0.9	1.1	0.2
Saskatchewan	1.2	1.5	0.3
Alberta	2.5	5.6	3.1
British Columbia	1.0	2.8	1.8

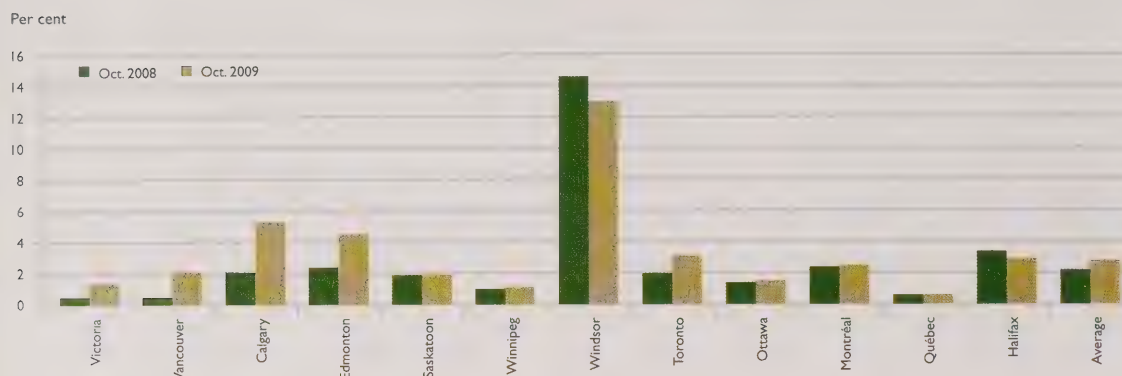
Vacancy rates are for privately initiated apartment structures of three or more units.
¹ Canada centres of 10,000+.

Source: CMHC Rental Market Survey

⁸ The secondary rental market includes rented condominium apartments, single-detached, semi-detached, freehold row/town homes, duplexes and accessory apartments.

⁹ Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs) with the exception of the Ottawa-Gatineau CMA which is treated as two centres for *Rental Market Survey* purposes and Charlottetown, which is a Census Agglomeration (CA). A CMA is an urban area with a total population of at least 100,000 and an urban core population of 50,000. A CA is an urban area that is not a CMA and has an urban core population of at least 10,000.

FIGURE 4-9
RENTAL VACANCY RATES, SELECTED URBAN CENTRES, 2008-2009



Vacancy rates are for privately initiated apartment structures of three or more units. Average is the weighted average of the rates in 35 major urban centres.

Source: CMHC (Rental Market Survey)

The average rental apartment availability rate in Canada's 35 major centres was 4.2 per cent in October 2009, up from 3.3 per cent in October 2008. A rental unit is considered available if the unit is vacant (physically unoccupied and ready for immediate rental), or if the existing tenant has given or received notice to move and a new tenant has not signed a lease. Because of the inclusion of units whose tenants have given or received notice, availability rates are somewhat higher than vacancy rates. Availability rates were highest in Windsor (14.9 per cent), London (7.7 per cent), and St. Catharines-Niagara (6.3 per cent), while the lowest rates were in Québec (1.0 per cent), Regina and St. John's (1.2 per cent), and Winnipeg (2.0 per cent).

Rents increased across Canada

Year-over-year comparison of rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. However, by excluding new structures a better indication of actual rent increases paid by tenants is achievable. The average rent for two-bedroom apartments in existing structures across Canada's 35 major centres increased by 2.3 per cent

between October 2008 and October 2009, slightly below the 2.9 per cent increase in the previous year.¹⁰ The largest rent increases in existing structures were recorded in Regina (10.1 per cent), Saskatoon (7.6 per cent), Victoria (3.7 per cent), and St. John's (7.5 per cent).

The highest average monthly rents for two-bedroom apartments in new and existing structures were in Vancouver (\$1,169), Calgary (\$1,099) and Toronto (\$1,096); the lowest were in Saguenay (\$518), Trois-Rivières (\$520), and Sherbrooke (\$553) (see *Figure 4-10*).

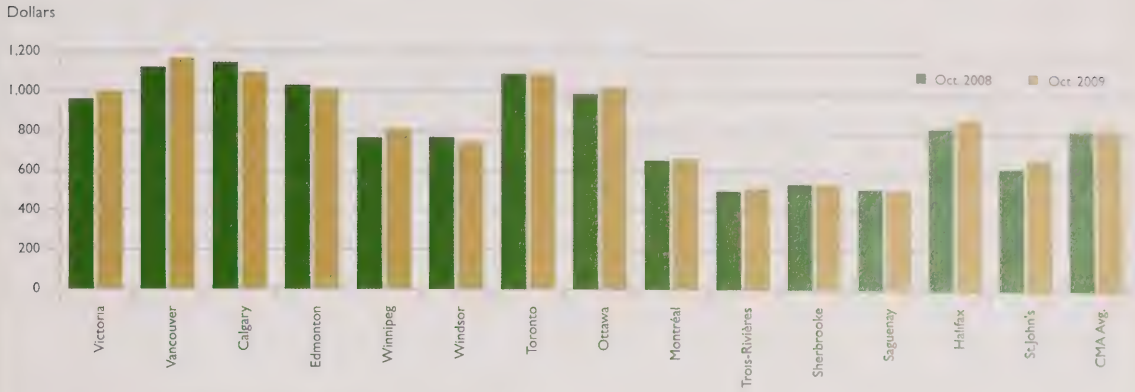
Renovation spending continued to grow

Total renovations are a combination of alterations and improvements that raise the value of a home, and repairs and maintenance that maintain home value. Alterations and improvements grew by 2.8 per cent and reached about \$40.3 billion in 2009, accounting for approximately three-quarters of total renovation spending. Repairs added another \$13.6 billion, bringing the spending that maintained or improved the housing stock to \$54 billion, an increase of 2.7 per cent compared to 2008.

¹⁰ "Canada Highlights." *Rental Market Report Canada Highlights*. Ottawa: Canada Mortgage and Housing Corporation, 2009. p. 5.

FIGURE 4-10

AVERAGE MONTHLY RENT, TWO-BEDROOM APARTMENTS, SELECTED URBAN CENTRES,
2008-2009



Average rents are for privately initiated apartment structures of three or more units.

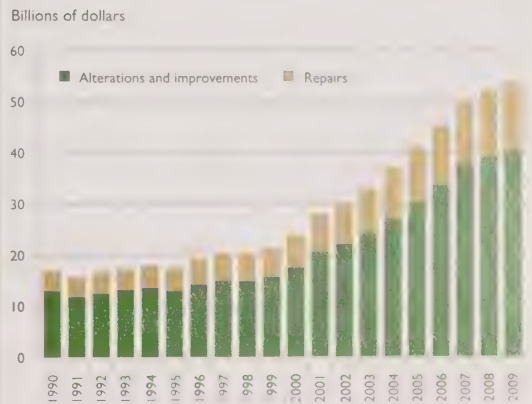
Source: CMHC (Rental Market Survey)

Renovation spending, which has progressed at a strong pace since 1999, continued its upward trend in 2009 (see Figure 4-11). Prior to the downturn in the global economy of 2009, the renovation market benefitted from strong economic growth and the solid performance of Canada's housing market. Despite the downturn, consumers still upgraded their homes. Low mortgage rates, strong demand for existing homes, and high levels of housing starts over the past few years have contributed to the continued strength in renovation activity.

Sales of existing homes are a leading indicator of renovation spending because households generally undertake renovations within the first three years after buying a house. Thus, the high level of sales in the existing home market over the past few years provides a solid foundation for renovation activity. In addition, low mortgage rates facilitated mortgage refinancing, permitting homeowners to access some of the equity from their homes to pay for renovation costs.

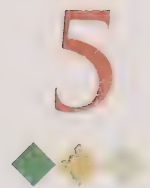
FIGURE 4-11

RENOVATION ACTIVITY IN CANADA, 1990-2009



Source: Statistics Canada, CANSIM

Demographic and Socio-economic Influences on Housing Demand



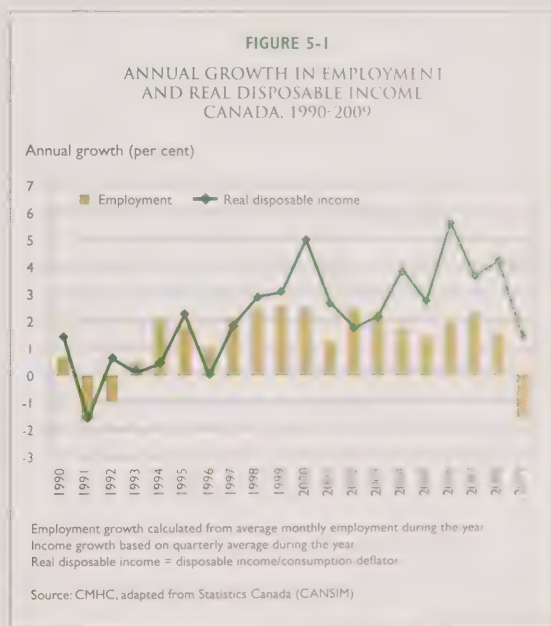
In 2009, the economic downturn impacted the strong labour market that had helped drive increases in housing construction in Canada during the previous decade. Employment fell, income growth slowed, and construction of new homes declined.

In addition to economic factors, other less immediate influences continue to shape housing demand. Changes in the size and make-up of the population drive household growth, which in turn is a primary determinant of the number of new homes required. The vanguard of the large baby boom generation—the generation born in Canada during the two decades (1946-65) after World War II—is on the verge of becoming senior citizens. The consequences for housing markets of the aging of this group will unfold for decades to come. Mobility rates suggest that the resultant turnover of the housing stock will be gradual. The aging of Canada's population will spur continued growth of condominiums, which more than tripled their share of the home ownership market over the past quarter century.

Job market feels the effects of recession in 2009

Until late 2008, strong labour markets had been feeding housing demand in Canada. For more than a decade, the Canadian economy created jobs at a robust pace, and household incomes grew accordingly (see *Figure 5-1*).

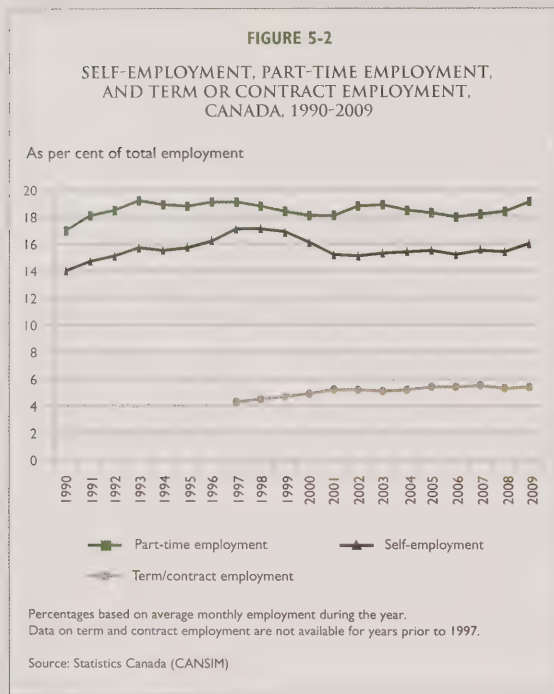
With job gains outpacing growth of the labour force, the national unemployment rate fell dramatically, reaching 6.0 per cent in 2007, the lowest level in decades. In the ten years post-1996, annual housing completions increased more than 80 per cent in Canada.¹



¹ The number of homes completed in Canada was 117,834 in 1996 and 215,947 in 2006.

In 2009, total employment in Canada fell 1.6 per cent, and the unemployment rate climbed to 8.3 per cent.² Construction of new homes decreased significantly for the first time since the mid-1990s.

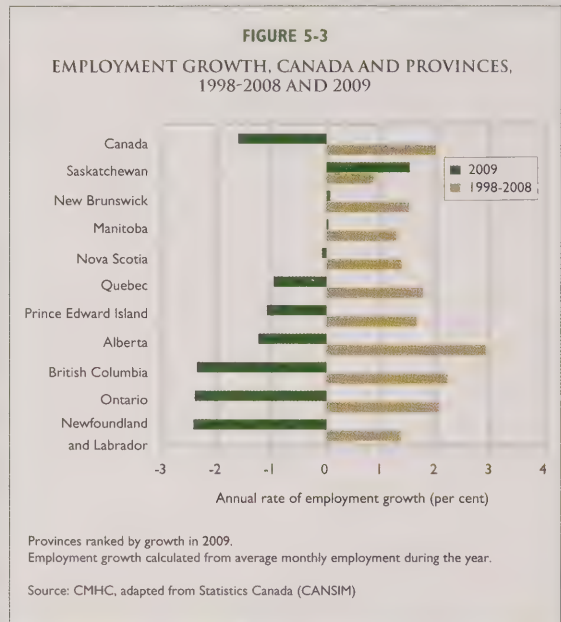
During the economic expansion that preceded the recent downturn, full-time employment grew faster than part-time and employees faster than the self-employed (see *Figure 5-2*). Even so, part-time work and self-employment are somewhat more common today than they were in the early 1990s. Term and contract work have also become more prevalent.



In the second half of 2009, employment increased modestly as the economy responded to stimulative monetary and fiscal policies and began to grow following three successive quarters of decline.³

Saskatchewan had the strongest provincial labour market in 2009

The distribution of employment growth by province shifted markedly in recent years. From 1998 to 2008, Alberta had the strongest record of job creation (see *Figure 5-3*). British Columbia and Ontario were the only other provinces in which employment growth exceeded the national average during these years. Saskatchewan had the slowest growth.



From 2008 to 2009, every province saw employment growth slow and the unemployment rate rise. Saskatchewan led all provinces in job creation, one of only three to show an increase in the number of people employed during the year (see *Figure 5-3*). In the other two—New Brunswick and Manitoba—gains were small. Alberta, British Columbia, and Ontario, the leaders in creating jobs during the expansion of the previous decade, shed jobs and were near the bottom of the growth ranking in 2009.

² All employment growth figures quoted in this chapter reflect average monthly employment during the year.

³ Real gross domestic product in Canada fell in the fourth quarter of 2008 and in the first and second quarters of 2009.

Disposable income growth slows

The 2008-2009 downturn in the economy coincided with a drop in disposable income growth (see *Figure 5-1*). On a per capita basis, growth came to a standstill because the population grew at about the same rate as the aggregate total of incomes. Per capita disposable income in the fourth quarter of 2009, after adjustment for inflation, was marginally higher than in the same quarter of 2008.

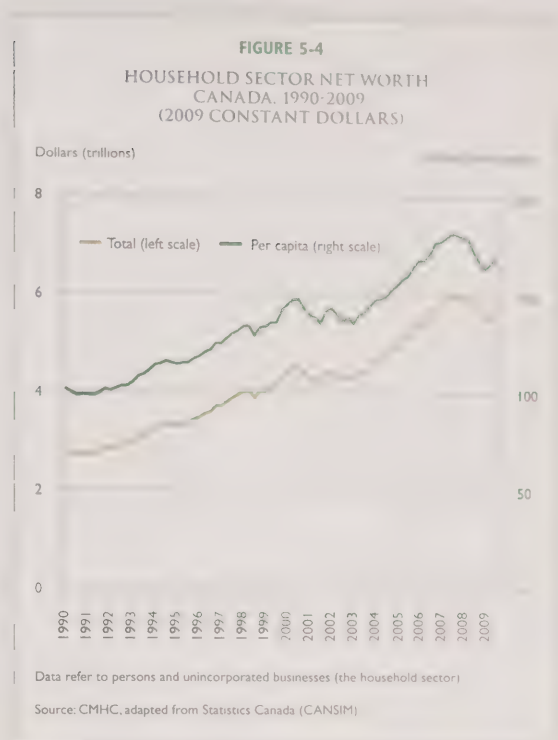
Net worth of household sector falls during recession

Net worth—the difference between what a household owns and owes—also fuels housing demand. Savings provide downpayments on homes, and the equity accumulated by homeowners can be used to finance renovations, additional home buying, and general spending on consumer goods and services.

In 2009, the collective net worth of the household sector in Canada stood at \$5.7 trillion, more than double what it was in 1990 after adjustment for inflation (see *Figure 5-4*).⁴ On a per capita basis, the increase was smaller since Canada's population grew throughout the period. Real per capita net worth in the third quarter of 2009 was \$169,000, compared to \$101,000 in the first quarter of 1990.

Contribution of home equity to net worth rises

Home equity represented a declining share of the wealth of households during the 1990s and an increasing share thereafter (see *Figure 5-5*).⁵ In the third quarter of 2009, 32 per cent of household net worth comprised home equity, and the value of residential structures and land accounted for 38 per cent of all household assets. Both these figures were close to the highs for the 1990-2009 period.



Population growth hits highest level since 1991

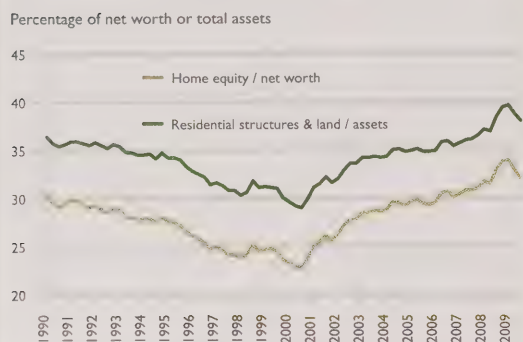
While the economic downturn and attendant changes in employment and incomes were the most immediately apparent influences on housing demand in 2009, underlying demographic forces have helped shape both the volume and composition of housing demand for decades. Much of this demographic influence follows the aging of Canada's population.

⁴ Unless indicated otherwise, the review of net worth covers the period from the first quarter of 1990 through the third quarter of 2009 and is based on quarterly national balance sheet accounts for the persons and unincorporated business sector (i.e., the household sector), which comprises households, unincorporated businesses, and non-profit institutions serving households. See *Canadian Economic Accounts Quarterly Review, First quarter 2009, Catalogue 13-010-X*. Ottawa: Statistics Canada, 2009, p. 67.

⁵ Home equity equals the value of residential structures plus the value of land minus mortgage liabilities. The value of structures does not include the land on which they sit. The land component of the national accounts includes residential as well as non-residential and other holdings. Mortgage liabilities include all mortgage loans, whether secured by residential properties, non-residential properties, or land. In 2009, non-residential structures represented only 2 per cent of the value of all structures owned by the household sector. Computing home equity as residential structures minus mortgage liabilities (i.e., excluding land) does not alter the basic conclusions presented here regarding the acceleration in the growth of home equity in recent years.

⁶ The contribution of home equity to growth in net worth could be exaggerated by the inclusion of the value of all land holdings, not just residential holdings, in the home equity measure derived from national accounts. The 1999 and 2005 *Surveys of Financial Security* (SFS) show equity in real estate accounting for 47 per cent of the rise in net worth from 1999 to 2005, slightly less than the 51 per cent share obtained from national accounts estimates for the same period.

FIGURE 5-5

CONTRIBUTION OF HOUSING TO NET WORTH
AND TOTAL ASSETS, HOUSEHOLD SECTOR,
CANADA, 1990-2009

Data refer to persons and unincorporated businesses (the household sector).

Home equity = residential structures + land – mortgage liabilities.

Land includes residential, non-residential, and other holdings.

Source: CMHC, adapted from Statistics Canada (CANSIM)

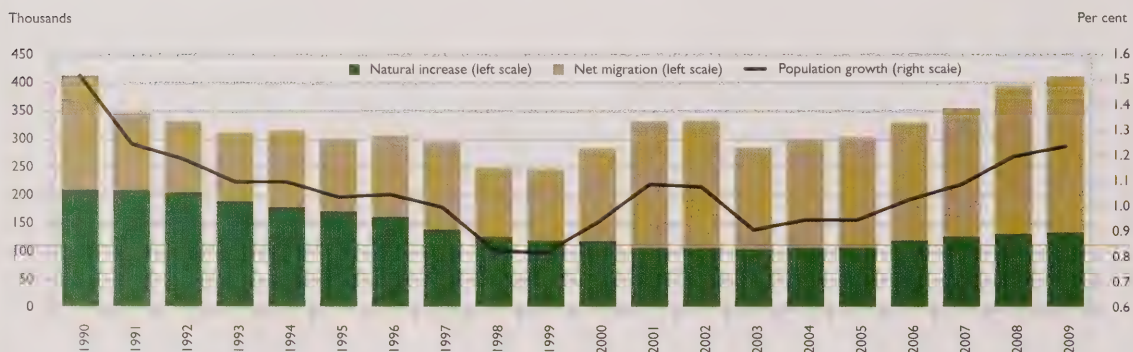
Many Canadians are approaching retirement age. Baby boomers now range in age from their mid-forties to mid-sixties. The passage of baby boomers into middle age was marked by a decline in births and rising deaths. Natural increase—the difference between births and deaths fell by half (see Figure 5-6). By the end of the 1990s, the annual rate of population growth in Canada had dropped below 1 per cent.

Although still constrained by a combination of low fertility and increasing age, the rate of population growth in Canada has risen steadily since 2003. In 2008 and 2009, growth hit 1.2 per cent annually, the highest rate since 1991.⁷ Thus, the increases in housing construction that preceded the recent downturn took place against a backdrop of steady employment and income growth (see Figure 5-1) and rising population growth.

The acceleration in population growth in Canada in recent years reflects a combination of factors: rising immigration, reduced emigration, increasing births, and growth in the population of non-permanent residents.⁸ Though

FIGURE 5-6

COMPONENTS OF POPULATION GROWTH, CANADA, 1990-2009



Data are for the 12-month period ending on June 30 of stated year.

Natural increase is the difference between births and deaths.

Net migration is the difference between population growth and natural increase.

Source: CMHC, adapted from Statistics Canada (CANSIM)

⁷ Population growth rates are calculated from mid-year (July 1) populations. Annual estimates of births, deaths, and migration refer to the twelve-month periods preceding mid-year.

⁸ Non-permanent residents are people who are lawfully in Canada on a temporary basis, along with members of their families. They include foreign workers, foreign students, and refugee claimants. See *Quarterly Demographic Estimates July to September 2009*. Catalogue no. 91-002-X. Ottawa: Statistics Canada, 2009. p.49.

births in Canada rose from 327,000 in 2001 to 378,000 in 2009, the number of births per woman (1.66 in 2007) is still well below the level required for each generation to replace itself (2.1).⁹

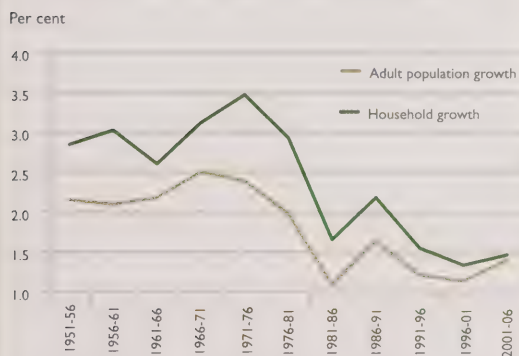
From 2000 to 2009, annual immigration to Canada averaged 238,000, compared to 220,000 from 1990 to 1999. Population gained through international migration now accounts for about two-thirds of Canada's population growth. The share has risen steadily from about 40 per cent in the early 1990s.

Adult population changes are a key factor in housing demand

Changes in the size and age make-up of the population, and specifically the adult population (those aged 15 or older), are important drivers of household growth (see *Figure 5-7*).

FIGURE 5-7

AVERAGE ANNUAL GROWTH IN ADULT POPULATION AND HOUSEHOLDS, CANADA, 1956-2006



The adult population comprises people aged 15 or older.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

FAST Facts

- Canada's population grew faster in 2008 and 2009 (1.2 per cent annually) than at any time since 1991.
- Mobility patterns imply gradual turnover of the housing stock as the population ages.
- From 1981 to 2006, the number of owner-occupied condominiums in Canada increased more than five-fold—from 171,000 to 916,000—and the market share of condominiums rose from 3.3 per cent of owner-occupied dwellings to 10.8 per cent.
- Home ownership rates for households with maintainers aged 50 or older have risen substantially, in large measure because of rising condominium ownership rates.
- In 2009, the economic downturn reduced employment and slowed disposable income growth.

Changes in the number of households are in turn directly linked to the demand for new housing, since household formation represents the biggest component of this demand.¹⁰ If new home completions are taken as an estimate of realized housing demand, then the data show a consistently strong link between population-driven household growth and housing demand (see *Figure 5-8*).

The demand for new housing is likewise influenced by shifts in the age composition of the adult population, changes that occur when a significantly large birth cohort advances through the life-cycle.¹¹ Census household

⁹ The total fertility rate estimates the number of births per woman. It describes the average number of children that would be born per woman if all women lived to the end of their childbearing years (ages 15-49) and bore children in accordance with the age-specific rates recorded in a given calendar year.

¹⁰ New construction is required to accommodate net growth in the number of households, to meet demands for second homes, to replace units lost from the housing stock, and to ensure an adequate supply of vacant units as the housing stock grows. Units can be removed from the housing stock through demolition, abandonment, or conversion to other (non-residential) uses. By contrast, conversion of non-residential structures to residential use increases housing supply and hence reduces the need for new construction.

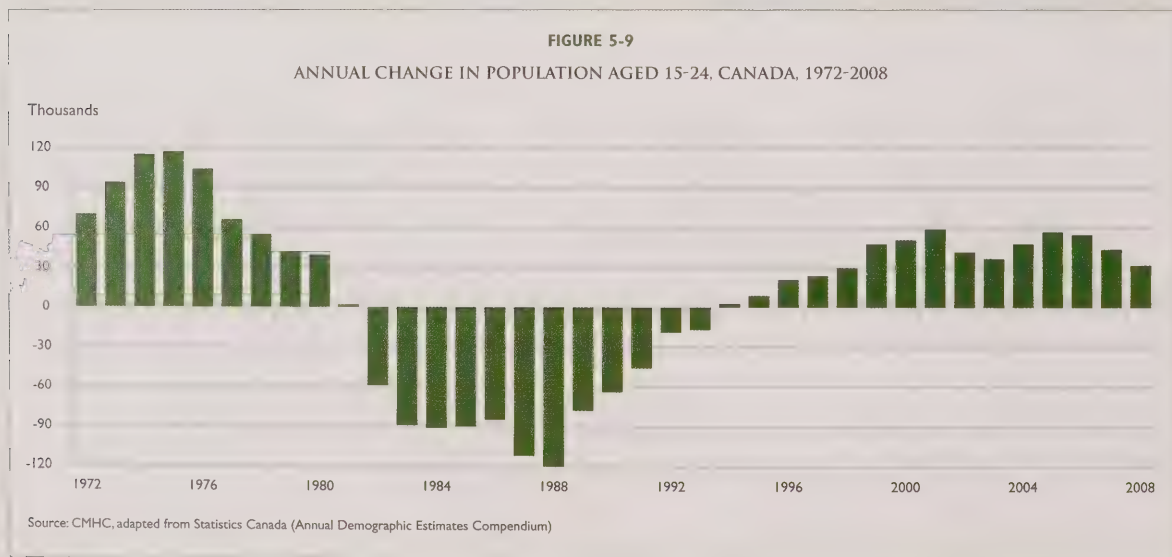
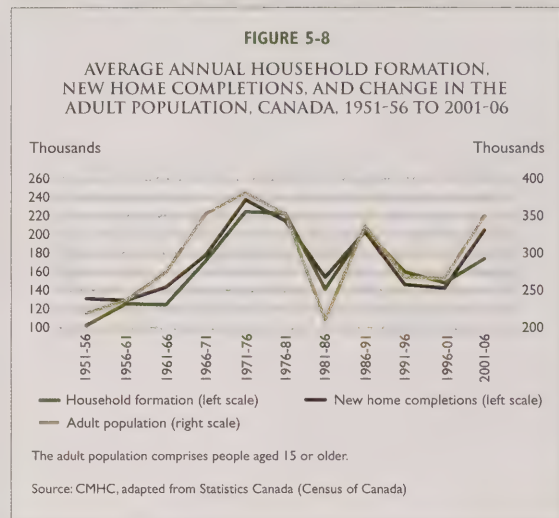
¹¹ A birth cohort is a group of people born in the same period, such as the baby boom cohort born over the period 1946 to 1965. The baby bust cohort, which immediately follows the baby boomers, was born over the period 1966 to 1979. The children of the baby boomers, popularly known as the echo generation, were born from 1980 to 1995.

data suggest that as a cohort advances through the early stages of the life-cycle, its biggest contribution to household formation occurs as it proceeds from early adulthood (around age 15-19) to early middle-age (age 30-39).¹² A familiar example of this process is the passage of the baby boom generation through these phases in the 1970s and 1980s, a development that contributed to a large uptick in household formation during these periods (see *Figure 5-8*).

Because the baby bust generation is small by comparison, its entry into early-adulthood in the mid-1980s and 1990s could not sustain the high levels of household formation achieved by its elder counterpart. Coupled with the economic downturn in the 1990s, this contributed to the declining levels of household formation and new home completions observed in that decade.

The decade that began in 2001 was marked by the transition of the youngest of the baby bust generation and the oldest of the echo generation into the age-groups associated with high levels of household formation. Thanks to the echo cohort's relatively large size, its transition into adulthood helped to reverse the contraction in the young adult population that began in the early-1980s (see *Figure 5-9*). Coupled with rising immigration, this bolstered growth

in the adult population. The combination of stronger population growth and an enabling economic and credit environment translated into a partial rebound in household growth between 2001 and 2006. Housing completions grew substantially during this period (see *Figure 5-8*).



¹² See "Demographic and Socio-economic Influences on Housing Demand" in *Canadian Housing Observer 2009*. Ottawa: Canada Mortgage and Housing Corporation, 2009. www.cmhc.ca/observer (July 13, 2010).

Since 2006, year-over-year growth in the adult population has remained above 1 per cent, a factor that should put upward pressure on the pace of household formation between 2006 and 2011.¹³

Housing choices of baby boomers are likely to shift gradually as they age

Households move less often as they get older (see *Figure 5-10*). In 2006, 40 per cent of households with maintainers aged 40 to 49 had moved at least once in the previous five years. By contrast, fewer than 30 per cent of households with maintainers in their fifties had moved within the last five years, and percentages declined to under 20 per cent for households with maintainers aged 70 or more.¹⁴

The comparatively low mobility of older households implies that many have strong attachments to their homes and associated routines, memories, and social networks. The aging of baby boomers will mean growing demand in coming decades for home adaptations as well as for maintenance and other services that enable people to continue living independently in their homes.

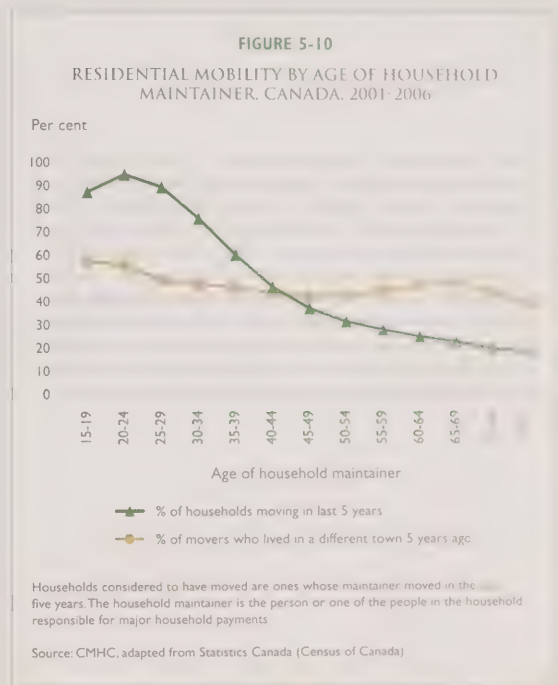
Despite attachments to their homes, however, people do move as they get older. Retirement is a major milestone. So is the departure of children from the family home. Families whose children have left home may opt for smaller dwellings that are easier to maintain, such as condominiums. People currently living within commuting distance of their work may decide to move to a different community in order to be near family members or because of advantages with respect to recreation, services, or climate. In 2006, about 40 per cent of households with maintainers aged 55 or older who had moved in the previous five years were living in a different town than in 2001 (see *Figure 5-10*).

Mobility patterns imply gradual turnover of the housing stock as baby boomers approach and reach retirement. A gradual shift in the housing demands of baby boomers would provide the housing industry with breathing room

to adjust to the changing needs of consumers, lessening the likelihood of mismatches between supply and demand. Since the oldest baby boomers are now only just on the verge of turning 65, it will take decades for the full effect of population aging on housing markets to materialize.

Successive generations attain higher home ownership rates

One reason people move is to buy homes, typically purchasing for the first time as young adults and, in many cases, later exchanging these dwellings one or more times for others that offer greater amenities or more closely match their current needs. Up to the age of 55, finding a bigger house is a prime motivation for moving, and the desire for a better quality dwelling or neighbourhood is common to movers of all ages.¹⁵



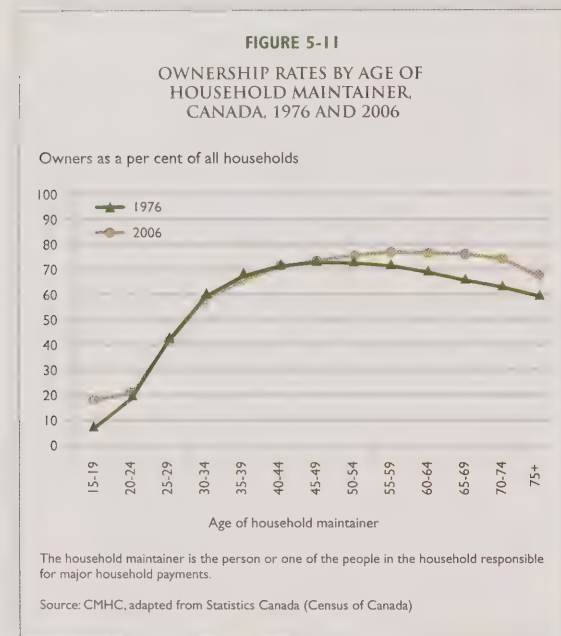
¹³ Canadian Housing Observer 2009, op. cit. pp. 37-49 for a discussion of projections of household growth to 2036.

¹⁴ Mobility rates describe the behaviour of households living in private dwellings. People moving from a private home to a nursing home or to some other type of collective dwelling are not included in these data.

¹⁵ For detail on reasons for moving at different stages of life, see "2001 Census Housing Series: Issue 10 Aging, Residential Mobility and Housing Choices". *Research Highlight. Socio-economic Series; 06-001*. Ottawa: Canada Mortgage and Housing Corporation, 2006.

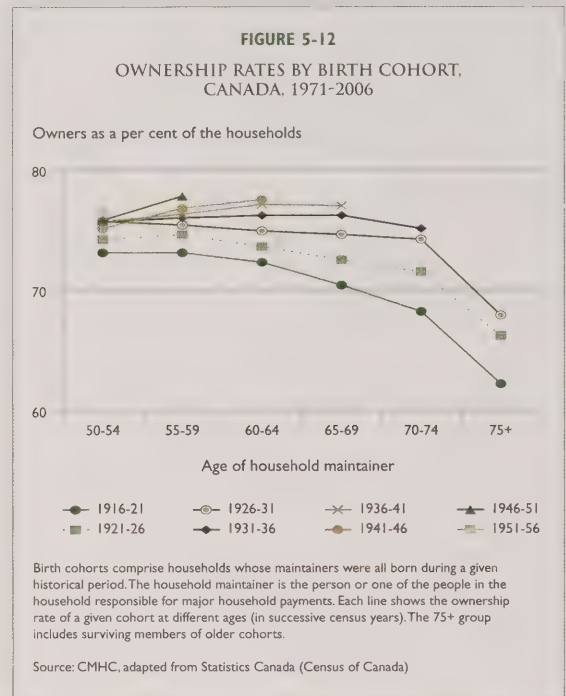
Home ownership offers buyers of any age many attractive qualities including a degree of control over costs (in particular the option of fixing monthly mortgage payments for extended periods), potential for extensive customization of living space, build-up in equity as mortgage principal is repaid, and the potential to benefit from increases in property values.

The rate of home ownership rises with age, peaking in 2006 at age 55-59 and declining very gradually thereafter (see *Figure 5-11*). Over the last three decades, ownership rates for households with maintainers aged 50 or older rose substantially, and the peak age group for owning a home increased by ten years from ages 45 to 49 in 1976 to ages 55 to 59 in 2006.



What these patterns signify is that successive generations have achieved and maintained progressively higher rates of home ownership at ages 50 or older. As they moved

into their fifties, the first of the baby boomers attained ownership rates higher than the cohort born during World War II, who in turn surpassed the rates of generations born before the war (see *Figure 5-12*).¹⁶



The tendency for ownership rates to drop with advancing age has been less evident for the more recent of these birth cohorts. In fact, rates for the generations now in their sixties have not declined at all. In 2006, when they were aged 60 to 64, household maintainers born from 1941 to 1946 had a higher rate of home ownership (77.5 per cent) than at any other stage of their lives. The same held true for maintainers in the 1936-41 birth cohort, whose ownership rate in 2006 at age 65 to 69 (77.0 per cent) effectively matched their rate in 2001 at age 60 to 64 (77.1 per cent).¹⁷

¹⁶ Birth cohorts are groups of people born during a given period, for example, from 1931 to 1936. In this section, the terms "birth cohorts" and "generations" are used interchangeably.

¹⁷ The reason that date of birth ranges overlap (e.g., 1936-41, 1941-46) in the analysis presented here is related to the timing of the Census, which is conducted late in the spring. For example, an individual aged 49 on May 16, 2006 (Census Day) could have been born any time from May 17, 1956 to May 16, 1957, while a 50-year-old could have been born any time from May 17, 1955 to May 16, 1956. Consequently, those aged 45 to 49 in 2006 are labelled the 1956-61 cohort, and those aged 50 to 54 are labelled the 1951-56 cohort.

The fact that the home ownership rates of the generations now in their fifties and sixties are higher than those of earlier generations when they were of comparable ages is a strong indication that ownership rates for seniors will remain high, and in all likelihood increase, in the future. Nonetheless, some households do switch from owning to renting as they age, especially at ages of 75 or older. The life cycle of recent cohorts suggests that this pattern of modest net shifts of households out of home ownership into rental housing at ages of 75 or older will continue in the future.¹⁸

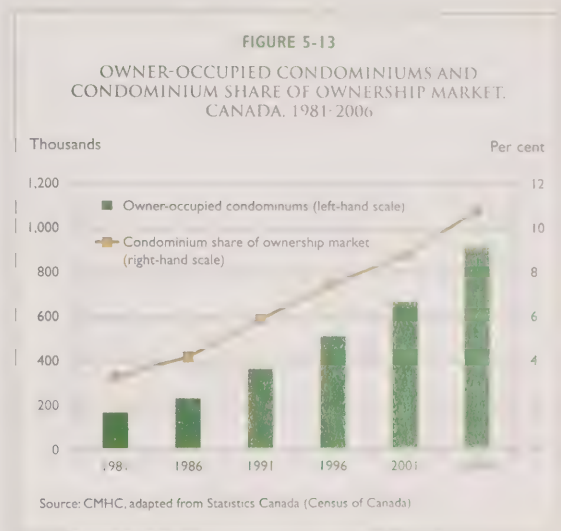
Rising ownership rates of seniors likely reflect a variety of factors

In Canada as a whole, ownership rates increased between 1996 and 2006 from 63.6 per cent to 68.4 per cent. The increase occurred for all age groups. Steady job and income gains, low mortgage rates, and rising property values boosted demand from prospective homebuyers.

Favourable economic conditions help account for the increasing ownership rates of successive generations but are likely not the only factor behind the rising ownership rates of seniors, many of whom are out of the work force. Judging from increasing life expectancies, the current generation of seniors enjoys better health than previous generations and hence may be better equipped to cope with the maintenance demands that come with owning a home.¹⁹ In addition, condominiums, which combine ownership with ease of maintenance, are more widely available than ever before and in a variety of configurations including apartments, row houses, and even single-detached homes.²⁰

Condominium markets expand rapidly

From 1981 to 2006, the number of owner-occupied condominiums in Canada increased by a factor of more than five—from 171,000 to 916,000 (see *Figure 5-13*). Growth in each five-year segment of this time span was at least 30 per cent. From 2001 to 2006, the number of owner-occupied condominiums rose 37 per cent, three times faster than owner households overall. From 3.3 per cent of owner-occupied dwellings in 1981, the market share of condominiums hit 10.8 per cent in 2006. In recent years, units intended for the condominium market have accounted for upwards of a quarter of new residential construction, compared to shares of under 20 per cent in most of the years from 1990 to 2002 (see *Figure 5-14*).²²



¹⁸ Previous CMHC research identified a small net shift from owning to renting among movers aged 65 to 74 and a larger though still modest shift at ages 75 or older. See "2001 Census Housing Series: Issue 10 Aging, Residential Mobility and Housing Choices". *Research Highlight, Socio-economic Series; 06-001*. Ottawa: Canada Mortgage and Housing Corporation, 2006. p. 9.

¹⁹ From the period 1995-1997 to 2005-2007, the increase in life expectancy at age 65 accounted for 70 per cent of the total increase in life expectancy at birth. Life expectancy estimates are based on a set of age-specific mortality rates calculated for three-year periods. See *Deaths 2007*. Catalogue 84F0211X. Ottawa: Statistics Canada, 2010. p.15.

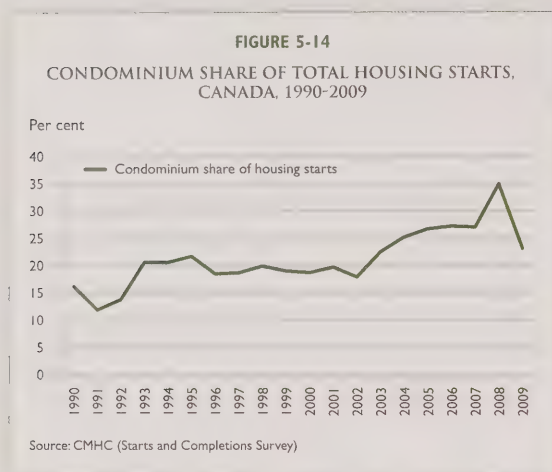
²⁰ The term "condominium" (in British Columbia the term "strata" title is used) refers to a form of legal ownership. Condominiums consist of two parts. The first part is a collection of private dwelling units. Each unit is owned by and registered in the name of the purchaser of the unit. The second part consists of the common elements of the building (e.g., lobbies, hallways, elevators, recreational facilities, walkways, gardens, etc.). The ownership of these common elements is shared amongst the individual unit owners, as is the cost for their operation, maintenance and ongoing replacement. See *Condominium Buyers' Guide*. Ottawa: Canada Mortgage and Housing Corporation, 2002.

²¹ The total number of condominium units is even larger since census data do not include units occupied by renters. CMHC estimates that about 20 per cent of condominium apartments in Toronto and 24 per cent in Vancouver were rented in 2009. See *Rental Market Report Greater Toronto Area*. Ottawa: Canada Mortgage and Housing Corporation, 2009 p. 67 and *Rental Market Report Vancouver and Abbotsford CMAs*. Ottawa: Canada Mortgage and Housing Corporation, 2009. p.48.

²² The condominium share of housing starts dropped from 35 per cent in 2008 to 23 per cent in 2009, still higher than in any year of the 1990s.

Continued aging of Canada's population bodes well for condominium markets. In 2006, 57 per cent of condominium owners in Canada were aged 50 or older. Sixteen per cent were 75 or older, similar to the percentage under the age of 35 (17 per cent). Households with maintainers aged 55 or older are expected to account for the bulk of household growth in Canada through 2036.²³ Even the contribution of 55-to-64-year-olds to this growth is projected to cease around 2026, once the last baby boomers have become senior citizens.

Across Canada, condominiums account for widely varying shares of the home ownership market. In 2006, they made up 31 per cent of the owner-occupied housing stock in Vancouver, the highest market share by far of any CMA (see *Figure 5-15*). Condominiums represented a higher share of the home ownership market in all four metropolitan areas in British Columbia—a province known for attracting retirees—than in CMAs elsewhere in Canada.



Condominium market share is highest in Vancouver

Condominiums are found principally in large urban areas and in smaller centres that are retirement destinations or resort locations. In 2006, Census Metropolitan Areas (CMAs) were home to about two-thirds of all households in Canada, but they accounted for 90 per cent of owner-occupied condominiums.²⁴ Condominiums were underrepresented elsewhere: 7 per cent in medium-sized centres and 3 per cent in small towns and rural areas.²⁵

FIGURE 5-15
CONDOMINIUM SHARES OF OWNERSHIP MARKET,
CANADA AND CENSUS METROPOLITAN AREAS (CMA), 2006



Source: CMHC, adapted from Statistics Canada (Census of Canada)

²³ *Canadian Housing Observer 2009*. Ottawa: Canada Mortgage and Housing Corporation, 2009. p.42. of this report describes projections of household growth for the period 2007 to 2036.

²⁴ In 2006, there were 33 Census Metropolitan Areas (CMAs) in Canada. A CMA is an urban area with a total population of at least 100,000 and an urban core population of at least 50,000.

²⁵ Medium-sized centres (Census Agglomerations) are urban areas that are not metropolitan areas and have urban core populations of at least 10,000. Small towns and rural areas comprise places that are not metropolitan areas or medium-sized centres. In 2006, 14 per cent of households in Canada lived in medium-sized centres and 19 per cent in small towns and rural areas.

Market shares for condominiums were also relatively high in Toronto, Calgary, and Edmonton. Shares were relatively low in urban centres in Atlantic Canada, Quebec (outside Montréal), and Northern Ontario.

Although condominiums are considerably less common in some cities than in others, growth of this market segment is widespread. From 2001 to 2006, many of the growth leaders were cities where the number of condominiums is still fairly small and market shares relatively low, among them Brantford, Sherbrooke, Regina, and Barrie (see *Figure 5-16*). During this period, the number of owner-occupied condominiums rose in all CMAs, with condominiums accounting for an increasing portion of owner-occupied homes in all but three—Oshawa, Peterborough, and Saint John.

FIGURE 5-16

GROWTH OF OWNER-OCCUPIED CONDOMINIUMS, CANADA AND CENSUS METROPOLITAN AREAS (CMA), 2001-2006



Source: CMHC, adapted from Statistics Canada (Census of Canada)

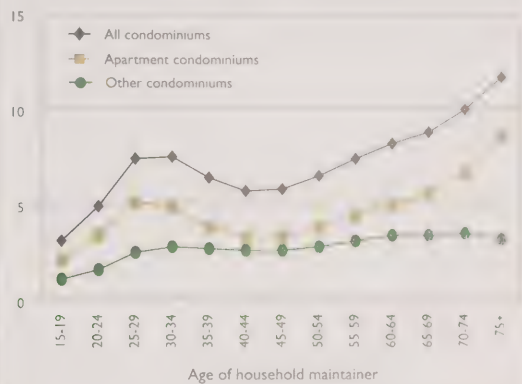
Condominium ownership rates are highest for seniors aged 75 or older

Condominiums appeal to buyers of all ages, but especially to young adults, people approaching retirement age, and seniors. In 2006, condominium ownership rates were relatively high for households with maintainers aged 25 to 34 and those with maintainers aged 55 or older (see *Figure 5-17*). Rates were comparatively low in middle age, rising steadily after age 50 and peaking for households with maintainers aged 75 or older. In the latter group, 11.6 per cent of households owned and lived in condominiums, up from 9.7 per cent in 2001.

FIGURE 5-17

CONDOMINIUM OWNERSHIP RATES BY AGE OF HOUSEHOLD MAINTAINER AND STRUCTURE TYPE, CANADA, 2006

Owner-occupied condominiums as a per cent of all households



The household maintainer is the person or one of the people in the household responsible for major household payments.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For young people, condominiums offer low maintenance burdens and the possibility of living near work and central attractions. These attributes, especially ease of upkeep, also appeal to empty-nesters and seniors.

Young adults and those aged 50 or older both favour apartment condominiums over other types (see *Figure 5-17*). For seniors, this preference grows stronger as they age. Apartments are perhaps the easiest type of housing for occupants to maintain, and have the added attraction for older Canadians (at least in buildings

equipped with elevators) of minimizing contact with stairs. For aging seniors, problems with vision, frailty, and balance can make climbing stairs a difficult and even dangerous activity.²⁶

Condominiums help boost home ownership among seniors

Canadians of all ages are considerably more likely to choose to own and live in condominiums today than just a decade ago. From young to old, all birth cohorts had significantly higher rates of condominium ownership in 2006 than the same age groups five and ten years previously (see *Figure 5-18*). The rise in age-specific condominium ownership rates, not the aging of baby boomers, accounts for the bulk of recent condominium growth in Canada. If condominium ownership rates at each age had remained fixed between 1996 and 2006, the growth in condominiums would have been only about a quarter of the growth that actually took place.

Increases in condominium ownership rates likely reflected a mixture of increasing familiarity with and acceptance of condominium tenure, growing availability of condominiums, and favourable economic conditions. As discussed earlier, strong labour markets, growing incomes, and low mortgage rates brought home ownership within reach of many Canadians during this period.

Between 1996 and 2006, rising condominium ownership accounted for a large part—and at some ages all—of the previously discussed increase in home ownership rates at ages 50 or over. Middle-aged and older generations in 2006 generally had ownership rates for dwellings other than condominiums that were little changed from those of older generations a decade before.²⁷ For example, the non-condominium ownership rate of households with maintainers aged 65 to 69 was the same in 2006 as in 1996 (68.3 per cent), but the rate of condominium ownership for this age group was considerably higher in 2006 (8.7 versus 6.3 per cent).

FIGURE 5-18

CONDOMINIUM OWNERSHIP RATES BY BIRTH COHORT, CANADA, 1996-2006

Condominium owners as a per cent of all households in age group



Birth cohorts comprise households whose maintainers were all born during a given historical period. The household maintainer is the person or one of the people in the household responsible for major household payments. Each line shows the ownership rate of a given cohort at different ages (in successive census years). The 75+ group includes surviving members of older cohorts.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

²⁶ From April 1, 2001 to March 31, 2002, over half of Canadians injured seriously enough by falls from stairs or steps to require hospitalization were seniors. See "Preventing Falls on Stairs," *About Your House* series. Ottawa: Canada Mortgage and Housing Corporation, 2005. www.cmhc.ca/en/col-maho/adse/adse_001.cfm (July 26, 2010).

²⁷ Non-condominium ownership rates did rise at ages of 70 or older, but increases were modest compared with rises in condominium ownership rates at these ages. For example, in 2006, 11.6 per cent of households with maintainers aged 75 or older owned and lived in condominiums, compared to 7.4 per cent for the same age group in 1996. This increase was much larger than the rise in non-condominium ownership for this age group during the decade (from 54.8 to 56.3 per cent).

Affordability and Core Housing Need



The first section of this chapter examines trends in urban¹ housing affordability and the incidence² of core housing need (see text box *Acceptable Housing and Core Housing Need*) for 2007 based on annual cross-sectional estimates³ from the *Survey of Labour and Income Dynamics* (SLID) (see *SLID* text box).

The second section examines the dynamics of core housing need; that is, movements into and out of core

housing need, over 2005-2007 based on longitudinal data⁴ from SLID. It then briefly compares the longitudinal estimates of core housing need for the sample periods 2002-2004 and 2005-2007.

The third section provides the first ever examination of the dynamics of core housing need over a six-year period, based on longitudinal SLID data for 2002-2007.⁵

Acceptable housing and core housing need

The term **acceptable housing** refers to housing that is adequate in condition, suitable in size, and affordable.

- **Adequate** housing does not require any major repairs, according to residents.
- **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e., a unit with no bedroom).

- **Affordable** housing costs less than 30 per cent of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

A household is in **core housing need** if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30 per cent or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three standards.

¹ Urban refers to households living in Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs) with core populations over 100,000 and 10,000, respectively, as defined by the 2001 Census geography because SLID data for 2002-2007 are based on 2001 Census geography. Whitehorse, YT and Yellowknife, NT are excluded as they are not part of the SLID sample. Comprising almost all of urban Canada, the cities included in this study housed 23.8 million people or nearly 80 per cent of the national population in 2001.

² Incidence refers to the percentage of households in core housing need (see for example Figure 6-2). This chapter also uses the term *share* which refers to the make-up or composition of core housing need by various criteria such as household income (see for example Figure 6-6).

³ A cross-sectional estimate refers to a snapshot of a condition at a particular time (for example, in 2002).

⁴ A longitudinal estimate is based on data collected for the same person over a period of time which makes it possible to track, for example, that person's housing conditions over a number of years. The data for 2005-2007 comes from two SLID panels (panel numbers 4 and 5 – see Figure 6-1).

⁵ These data are for SLID panel number 4.

The Survey of Labour and Income Dynamics (SLID)

SLID is a survey conducted annually by Statistics Canada to collect information on the labour and income characteristics of Canadians. SLID covers the 10 Canadian provinces but excludes those Canadians living in the territories, in institutions or collective dwellings, in military barracks and on Indian reserves. According to Statistics Canada, these exclusions amount to less than 3 per cent of the Canadian population (see www.statcan.gc.ca). SLID also excludes the homeless.

SLID collects information for two groups or panels of people who are tracked over a period of six consecutive years. Each panel comprises a sample of some 30,000 people or about 15,000 households. A new panel begins every three years, and thus the two panels overlap for three years (see *Figure 6-1*).

Housing conditions data

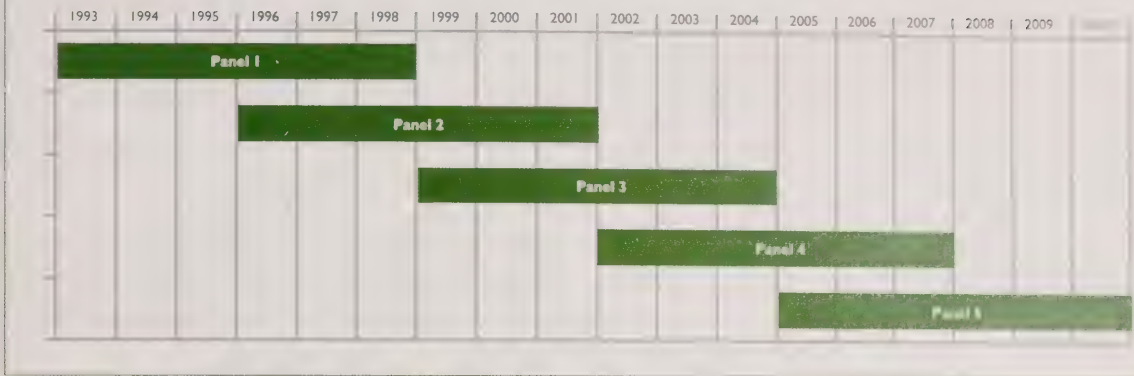
In 2002, a housing cost module was added to SLID as a result of CMHC sponsorship. Until then, SLID had collected only a few housing characteristics. As part of the housing cost module, over 20 housing-related questions were added to SLID. The addition of this module enables the review of most Canadians' housing conditions between censuses as well as tracking of their housing conditions over time.

The universe of urban households reviewed in this chapter includes only private, non-farm, non-band, off-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100 per cent. Shelter costs cannot be collected for farm households as carrying costs for farm residences are not always separable from expenses related to other farm structures. CMHC regards shelter-cost-to-income ratios of 100 per cent or more as uninterpretable and, therefore, households with such ratios along with those reporting zero or negative incomes are excluded from the analysis.

SLID data cover only households in Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs)¹ in the provinces. Since the SLID sample of some 30,000 households (2 panels) or 15,000 households (1 panel) is much smaller than the Census sample which gathers housing data from some 2.3 million households, SLID-based estimates would have less precision than estimates based on census data. Small year-to-year changes may not be statistically significant. Estimates based on fewer than 25 households (for cross-sectional data) or individuals (for longitudinal data) are not reported (replaced in tables by the symbol "F"). Census and SLID data are not completely comparable. Nonetheless, SLID-based estimates can provide useful insights into high-level trends on housing indicators.

¹ The percentages of households that are in CMAs and CAs are as follows: Newfoundland and Labrador (45.8%), Prince Edward Island (56.8%), Nova Scotia (64.4%), New Brunswick (59.1%), Quebec (80.6%), Ontario (88.2%), Manitoba (73.5%), Saskatchewan (65.4%), Alberta (81.5%), British Columbia (87.1%), and Canada (81.9%).

FIGURE 6-1
PANEL PERIODS FOR SURVEY OF LABOUR AND INCOME DYNAMICS



Annual trends in housing conditions

Urban core housing need fell to 12.4 per cent in 2007

In 2007, almost 6.9 million households in urban Canada lived in acceptable housing (see *Figure 6-2*). In addition, there were about 2.1 million urban households which, although living in housing below one or more standards,

could have obtained acceptable housing in their local housing markets at a cost of less than 30 per cent of before-tax household income. In total, 87.6 per cent of urban Canadian households either lived in, or had sufficient income to access, acceptable housing in 2007. From 2002 to 2007, urban core housing need decreased by about 1.5 percentage points to 12.4 per cent of households.

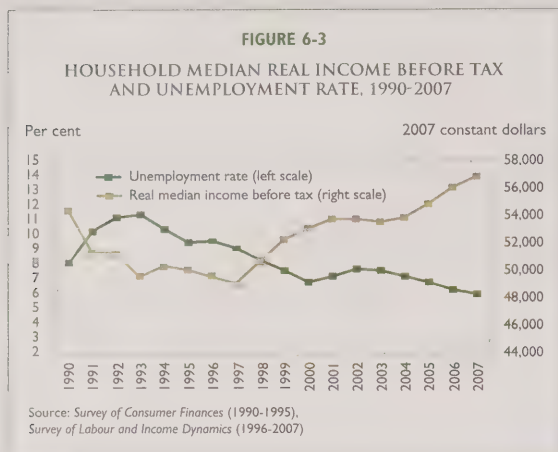
FIGURE 6-2
HOUSING CONDITIONS IN CENSUS METROPOLITAN AREAS AND CENSUS AGGLOMERATIONS, CANADA, 2002-2007

Year	SLID Panel			Living in acceptable housing (meets all standards)		Living in housing below one or more standards			
						Able to access acceptable housing		Unable to access acceptable housing	
		All households		Not in core housing need				In core housing need	
		Total (millions)	Per cent	Total (millions)	Per cent	Total (millions)	Per cent	Total (millions)	Per cent
2007	4 and 5	10.24	100	6.90	67.4	2.07	20.2	1.27	12.4
2006	4 and 5	10.10	100	6.83	67.7	1.94	19.2	1.32	13.1
2005	4 and 5	9.93	100	6.78	68.2	1.81	18.2	1.34	13.5
2004	3 and 4	9.64	100	6.75	69.9	1.59	16.4	1.31	13.6
2003	3 and 4	9.53	100	6.65	69.8	1.56	16.3	1.32	13.9
2002	3 and 4	9.43	100	6.57	69.7	1.55	16.4	1.31	13.9

All figures are rounded.

Source: CMHC (SLID-based housing indicators and data)

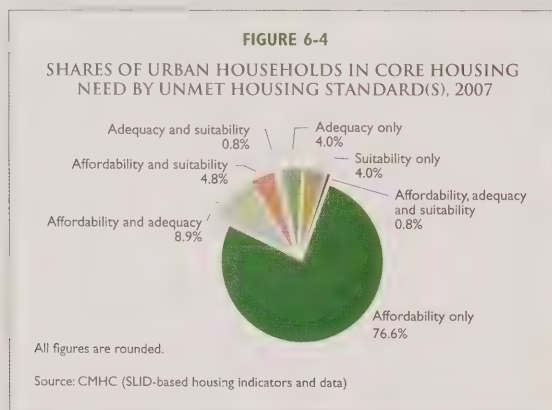
Higher incomes and lower unemployment contributed to the decline in the incidence of core housing need from 2002 to 2007 (see *Figure 6-3*).



Affordability is the most significant reason for core housing need

As in previous years, failing to meet the housing affordability standard was the principal reason for urban households falling into core housing need in 2007.

About 1 per cent of all urban households (approximately 9 per cent of urban households in core need) fell into core housing need by failing to meet the suitability and/or adequacy housing standards alone (see *Figure 6-4*).



Lowest-income households were the most likely to experience core housing need in 2007

As in earlier years, the incidence of core housing need in 2007 was very dissimilar for households with different income levels (see text box *Canadian urban households by income group*). About half (49.8 per cent) of lowest-income households experienced core housing need in 2007 (see *Figure 6-5*). The other half of lowest-income households which were not in core housing need typically were owners (often seniors) without mortgages or renters in low-rent cities.⁶

Canadian urban households by income group

Households were ranked by their before-tax income and divided into five equally-sized groups (quintiles). Income groups for 2007 were constructed using data from the *Survey of Labour and Income Dynamics* (SLID) for urban households. For descriptive purposes, these groups are referred to as follows: lowest-income, moderate-income, middle-income, upper-income and highest-income (see *Figure 6-5*).

FIGURE 6-5
CORE HOUSING NEED FOR URBAN HOUSEHOLD
INCOME¹ GROUPS (QUINTILES), CANADA, 2007

Income group	Income range (\$)	Median shelter costs (\$)	Median income (\$)	Median shelter-cost-to-income ratio (STIR) (%)	Core housing need incidence (%)
Highest	\$110,105 and up	\$16,155	\$144,121	10.1%	0.0%
Upper	\$72,899 to \$110,104	\$13,561	\$88,815	15.0%	0.0%
Middle	\$49,484 to \$72,898	\$10,800	\$60,421	17.6%	F
Moderate	\$30,326 to \$49,483	\$8,491	\$39,343	21.9%	11.5%
Lowest	Up to \$30,325	\$6,618	\$20,089	34.9%	49.8%
ALL	NA	\$9,811	\$60,421	18.5%	12.4%

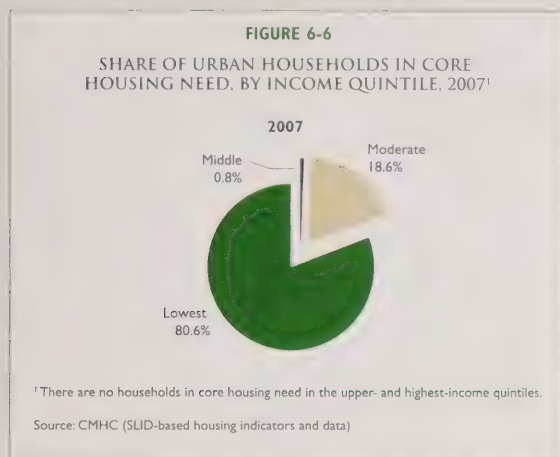
¹ Nominal dollars, not adjusted for inflation.

All figures are rounded.
F – Too unreliable to be published
NA – Not applicable

Source: CMHC (SLID-based housing indicators and data)

⁶ "Low-Income Urban Households Not in Core Housing Need". *Research Highlight, Socio-economic Series, 09-001*. Ottawa: Canada Mortgage and Housing Corporation, 2009.

Households in the lowest-income quintile accounted for about 81 per cent of all households in core housing need in 2007 (see Figure 6-6). Moderate-income households with an incidence of 11.5 per cent accounted for almost the entire remaining share of households in core housing need in 2007. There were no upper- or highest-income households in core housing need in 2007.



The incidence of core housing need decreased for both lowest-income renters and lowest-income owners

About 26 per cent of households renting their accommodations experienced core housing need compared to 5.6 per cent of households that owned their residences in 2007 (see Figure 6-7). Over half (55.1 per cent) of lowest-income renters were in core housing need compared to 38.8 per cent of lowest-income owners.

The share of core housing need accounted for by lowest-income owners was 20.5 per cent in 2007. The share of lowest-income renters was 60.2 per cent in 2007, although lowest-income renters account for only about 13.5 per cent of all urban Canadian households (see Figure 6-8).

Shelter-cost-to-income ratios (STIRs) decreased for lowest-income tenants

Shelter cost is an important factor affecting housing affordability and one which varies between lowest-income renters and lowest-income owners. The median shelter-cost-to-income ratios of lowest-income renters showed a steady decline from 2002 to 2007, to 37.2 per cent (see Figure 6-9). For lowest-income owners, it was 28.6 per cent in 2007.

FIGURE 6-7
INCIDENCE OF URBAN HOUSEHOLDS IN CORE HOUSING NEED, BY INCOME QUINTILE AND TENURE, 2002-2007

Income Quintile ¹	Tenure	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)	2007 (%)
Moderate	Owner	10.5	10.4	10.1	9.2	11.6	9.8
	Renter	17.1	15.4	15.4	14.8	13.1	13.7
Lowest	Owner	39.2	38.8	43.8	44.2	42.7	38.8
	Renter	60.8	62.8	59.5	59.6	57.4	55.1
ALL	Owner	6.1	5.8	6.3	6.2	6.4	5.6
	Renter	27.9	28.8	28.1	27.8	26.5	26.0

¹ There were no households in the upper- and highest-income quintiles in core housing need. Estimates for the middle-income quintile are too unreliable to be published.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-8
SHARE OF URBAN HOUSEHOLDS IN CORE HOUSING NEED, BY INCOME QUINTILE AND TENURE, 2007

Income Quintile	Tenure	Share of total households (%)	Share of total households in core housing need (%)
Highest	Owner	18.5	0.0
	Renter	1.5	0.0
Upper	Owner	16.5	0.0
	Renter	3.5	0.0
Middle	Owner	13.9	0.6
	Renter	6.1	0.0
Moderate	Owner	11.2	8.9
	Renter	8.8	9.7
Lowest	Owner	6.5	20.5
	Renter	13.5	60.2
ALL	Owner	66.8	30.1
	Renter	33.2	69.9

Percentages may not add to expected total due to rounding

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-9

SHELTER COSTS, INCOME,¹ AND SHELTER-COST-TO-INCOME RATIOS (STIRS) OF LOWEST-INCOME HOUSEHOLDS, 2002-2007

	Lowest-income renters						Lowest-income owners					
	2002	2003	2004	2005	2006	2007	2002	2003	2004	2005	2006	2007
Median shelter cost	\$6,212	\$6,246	\$6,385	\$6,381	\$6,624	\$6,932	\$4,672	\$5,068	\$5,267	\$5,652	\$5,873	\$5,897
Median household income	\$15,532	\$16,039	\$16,557	\$16,615	\$17,915	\$18,734	\$18,017	\$18,913	\$19,428	\$19,852	\$21,160	\$22,399
Median STIR (%)	40.5	40.6	40.0	38.6	38.1	37.2	28.1	28.1	30.7	32.5	30.3	28.6
	Per cent change from previous year						Per cent change from previous year					
Median shelter cost	NA	0.5%	2.2%	-0.1%	3.8%	4.6%	NA	8.5%	3.9%	7.3%	3.9%	0.4%
Median household income	NA	3.3%	3.2%	0.4%	7.8%	4.6%	NA	5.0%	2.7%	2.2%	6.6%	5.9%

¹ Nominal dollars, not adjusted for inflation.

NA - Not applicable

Source: CMHC (SLID-based housing indicators and data)

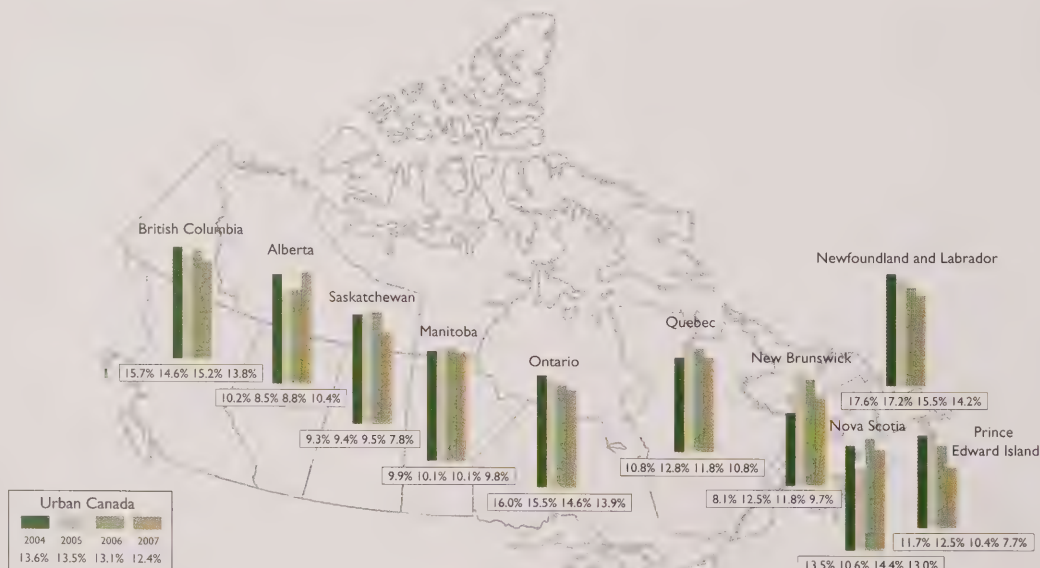
Newfoundland and Labrador, Ontario, British Columbia and Nova Scotia had the highest incidences of urban core housing need in 2007; Prince Edward Island and Saskatchewan the lowest

The provinces with above average incidences of urban core housing need in 2007 were Newfoundland and Labrador (14.2 per cent), Ontario (13.9 per cent), British Columbia

(13.8 per cent) and Nova Scotia (13.0 per cent) (see Figure 6-10). British Columbia showed a steady decline from 2002 when the incidence of core housing need was 17.5 per cent and Ontario declined from a high in 2004 of 16.0 per cent. Provinces with the lowest incidences of core housing need in 2007 were Prince Edward Island and Saskatchewan, both just below 8 per cent.

FIGURE 6-10

INCIDENCE OF URBAN CORE HOUSING NEED BY PROVINCE, 2004-2007



Source: CMHC (SLID-based housing indicators and data)

Toronto and Vancouver had the highest incidences of urban core housing need

In 2007, Toronto and Vancouver (at 17.2 per cent and 15.2 per cent, respectively) continued to have the highest incidences of core housing need among selected Census Metropolitan Areas (CMAs) (see *Figure 6-11*). Vancouver's incidence was a decline from 2002.

Montréal's incidence of core housing need was 12.3 per cent in 2007 (similar to the national average of 12.4 per cent).

Québec (at 8.1 per cent) experienced the lowest incidence of core housing need among the selected CMAs in 2007. Québec has consistently had one of the two lowest incidences of core housing need of the selected CMAs since 2002.

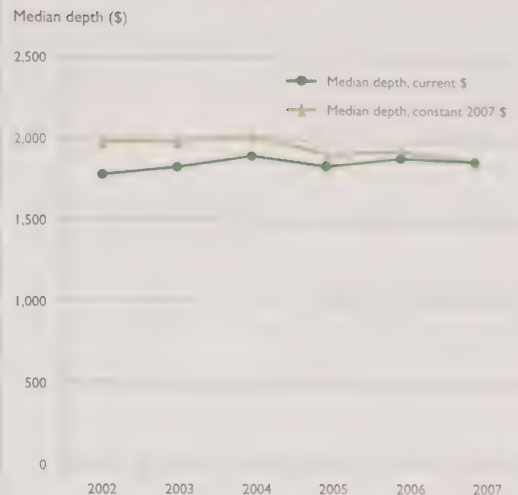
Depth of housing need

Little change in median depth of housing need between 2002 and 2007

In 2007 the median annual depth of housing need (see *Depth of Housing Need* text box) for urban households in core housing need was an estimated \$1,870. This was a slight decline from its 2004 high of \$2,030 as measured in constant 2007 dollars (see *Figure 6-12*).

FIGURE 6-12

DEPTH OF CORE HOUSING NEED FOR URBAN HOUSEHOLDS, 2002-2007



Median depth estimates are rounded to the nearest ten dollars

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-11

INCIDENCE OF URBAN CORE HOUSING NEED, SELECTED CENSUS METROPOLITAN AREAS AND CANADA, 2002-2007

	2002	2003	2004	2005	2006	2007
	Per cent					
Halifax	14.9	13.3	13.6	10.2	15.0	14.1
Montréal	13.2	13.4	12.1	14.0	13.8	12.3
Québec	8.7	7.5	8.9	8.7	8.0	8.1
Ottawa-Gatineau	12.4	15.0	13.7	13.9	14.0	10.4
Toronto	18.5	17.8	19.1	18.9	17.6	17.2
Winnipeg	9.2	8.7	9.9	10.0	10.4	10.4
Saskatoon	12.0	10.9	9.8	11.8	13.3	9.8
Calgary	11.8	12.3	8.8	7.3	9.6	10.6
Edmonton	12.0	10.6	11.3	9.6	8.3	10.4
Vancouver	19.4	18.1	17.4	15.0	17.0	15.2
URBAN CANADA	13.9	13.9	13.6	13.5	13.1	12.4

Data for other CMAs are not presented due to low sample.

Source: CMHC (SLID-based housing indicators and data)

Depth of housing need

Depth of housing need is an indicator that measures the severity of core housing need. It is intended to complement the two other indicators (incidence and persistence) reported elsewhere in this chapter and is useful for comparing the relative severity of need for different categories of households and over different time periods.

Annual depth of housing need is calculated for households in core housing need as follows:

- For households with suitable and adequate dwellings and a reported shelter cost that is below the median rent of alternative local market housing¹ but is greater than 30 per cent of before-tax household income: *Reported shelter cost minus 30 per cent of before-tax household income.* (This group accounts for about 30 per cent of households in core housing need.)
- For all other households in core housing need: *Median rent of alternative local market housing¹ minus 30 per cent of before-tax household income.* (This group accounts for about 70 per cent of households in core housing need.)

Depth of housing need for a household in core housing need is thus the difference between the amount that *it would need* to pay for acceptable housing and the amount that *it can afford* to pay based on the affordability standard of shelter costs being less than 30 per cent of before-tax household income.

As in the rest of this chapter, calculations are based on data from Statistics Canada's *Survey of Labour and Income Dynamics (SLID)* for provincial households in CMA/CAs that are in the core housing need universe. These households are referred to here as urban households.

¹ The median rent of alternative local market housing is also used in the calculation of core housing need.

In 2007, several urban household categories with above-average incidences of core housing need had higher median depths as well: households that were renters, lone-parents, or lived in Toronto or Vancouver (see *Figure 6-13*). One-person households were an exception. These households require smaller, less expensive dwellings and have lower incomes on average, resulting in a smaller depth of need despite having an incidence of housing need in 2007 that was well above the average incidence.

The lowering effect of smaller household size on depth of housing need would also apply to many households in the lowest-income quintile since two-thirds of these

households are one-person households. Core need households in the lowest-income quintile exhibited a median depth similar to the overall median depth for urban households even though their incidence of core housing need was very high (four times the average incidence).

In contrast, some urban household categories with below-average incidences of core housing need had higher median depths; examples are certain CMAs (Halifax, Ottawa-Gatineau, Edmonton, and Saskatoon), couples with children (which typically have above average household sizes requiring more expensive dwellings), and households in the moderate-income quintile.

FIGURE 6-13
MEDIAN DEPTH AND INCIDENCE OF CORE HOUSING NEED FOR SELECTED URBAN HOUSEHOLDS, 2007

	Median depth (\$)	Average incidence (%)
All urban households	1,870	12.4
Selected CMAs		
Toronto	3,070	17.2
Vancouver	2,670	15.2
Halifax	2,380	12.2
Ottawa-Gatineau	2,250	10.4
Edmonton	2,100	10.4
Saskatoon	1,990	9.6
Calgary	1,700	10.6
Montréal	1,260	12.3
Winnipeg	1,180	10.4
Québec	980	8.1
Tenure		
Renter households	1,960	26.0
Owner households	1,680	5.6
Household type¹		
Lone-parent households	3,000	36.4
Couples with children	2,520	7.0
Other one-family households	2,170	12.3
Households with at least one unrelated person	1,870	11.4
Couples without children	1,800	4.0
One-person households	1,500	22.3
Income quintile²		
Moderate-income quintile	2,010	11.5
Lowest-income quintile	1,870	49.8

¹ Household type categories are based on economic families, not census families. An economic family is defined as a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law or adoption. A census family is defined as a couple (with or without children) or a lone-parent of any marital status with at least one child living in the same dwelling.

² Income quintiles are based on before-tax household income. No estimates are shown for the three upper quintiles since core housing need households are clustered almost exclusively in the two lowest-income quintiles.

Median depth estimates are rounded to the nearest ten dollars.

Source: CMHC (SLID-based housing indicators and data)

The dynamics of urban individuals' core housing need, 2005-2007

This section examines the changes in housing conditions of urban individuals using longitudinal estimates of core housing need over the period 2005-2007⁷ (see text box *Longitudinal and cross-sectional estimates*).

⁷ This section is based on data from SLID panels 4 and 5. Using 2005 to 2007 as a study period allowed the largest available sample as during these years people in panels 4 and 5 were tracked simultaneously (see Figure 6-1).

Longitudinal and cross-sectional estimates

Longitudinal estimates are based on data gathered for the same individuals over several years and make it possible to know how long those individuals lived in a certain housing condition and whether their housing conditions have changed over time. Thus, longitudinal estimates provide a different perspective than an approach based on cross-sectional estimates which indicate the housing condition of that individual or household only at a single point in time.

In order to interpret longitudinal data, it is necessary to use individuals as a unit of analysis instead of households. Longitudinally, it is not possible to track households as they form, change and dissolve over time as a result of births, marriages, divorces, deaths and the comings and goings of household members. Rather, it is possible to track individuals and attach to them their corresponding household characteristics at the time (e.g., shelter costs, composition and core housing need of the household in which the individual lived).

The longitudinal and cross-sectional universes in this study are shown in *Figure 6-14*. The longitudinal estimates represent 20.7 million people living in urban areas who during 2005-2007 (i.e., all three years) were members of private, non-farm, non-band, off-reserve households whose incomes were greater than zero and shelter-cost-to-income ratios (STIRs) were lower than 100 per cent.

FIGURE 6-14
LONGITUDINAL AND CROSS-SECTIONAL UNIVERSES, 2005-2007

	Longitudinal Universe	Cross-sectional Universe					
	People (millions)	People (millions)			Households (millions)		
	2005-2007	2005	2006	2007	2005	2006	2007
Total ^{1,2}	31.2	31.5	31.9	32.3	12.7	12.9	13.1
After selecting people present all three years for the longitudinal universe	27.2	NA	NA	NA	NA	NA	NA
After selecting the following households: non-farm with household income > 0 and STIRs < 100% (all three years for the longitudinal universe)	25.7	30.3	30.7	31.1	12.1	12.3	12.6
After selecting households living in CMAs or CAs (all three years for the longitudinal universe)	20.7	24.9	25.2	25.5	9.9	10.1	10.2

¹ Total for longitudinal universe includes only people who were present at the beginning of a panel.

² Totals for cross-sectional universe include longitudinal people plus those (cohabitants) who have joined the households that were present at the beginning of a panel. Household counts take into account those households that form and dissolve over the course of a panel.

NA – Not applicable

Source: CMHC (SLID-based housing indicators and data)

Cross-sectional versus longitudinal estimates of core housing need

SLID cross-sectional estimates show that the incidence of Canadian urban households in core housing need between 2002 and 2007 fell from 13.9 per cent to 12.4 per cent. At between 10 per cent and 12 per cent, the incidences of core housing need during the same period were some 2 percentage points lower when using persons as the unit of analysis⁸ (see *Figure 6-15*).

FIGURE 6-15
CROSS-SECTIONAL ESTIMATES OF URBAN
CORE HOUSING NEED, 2002-2007

Year	In Core Housing Need			
	People		Households	
	Number (millions)	Per cent	Number (millions)	Per cent
2007	2.57	10.1	1.27	12.4
2006	2.73	10.8	1.32	13.1
2005	2.70	10.9	1.34	13.5
2004	2.78	11.4	1.31	13.6
2003	2.84	11.7	1.32	13.9
2002	2.86	12.0	1.31	13.9

All figures are rounded.
Source: CMHC (SLID-based housing indicators and data)

Only 3.9 per cent of people lived persistently in core housing need, whereas 10.5 per cent lived occasionally in core housing need and 85.6 per cent never lived in core housing need

Longitudinal estimates reveal that over time there are considerable changes in who is living in urban households in core housing need. About 3.9 per cent of people in urban households *persistently* lived all three years (2005-2007) in core housing need (see *Figure 6-16*). People also lived *occasionally*, for two years (4.2 per cent) and for one year (6.3 per cent), in urban households in core housing need. In total, 14.4 per cent of people in the *ever* category (see *Figure 6-16*) lived for at least one year in core housing need households over 2005-2007. The remainder, 85.6 per cent of urban Canadians, *never* lived in core housing need from 2005 to 2007.

FIGURE 6-16
LONGITUDINAL ESTIMATES OF PEOPLE
LIVING IN URBAN HOUSEHOLDS IN
CORE HOUSING NEED, 2005-2007

	Period in Core Housing Need						Total
	Never	Ever					
		Occasionally			Persistently		
Years in Core Housing Need	0	1	2	Sub-total	3	Total Ever	
People (thousands)	17,738	1,310	861	2,171	818	2,989	
Per cent	85.6	6.3	4.2	10.5	3.9	14.4	

Components may not add to total due to rounding

Source: CMHC (SLID-based housing indicators and data)

People in owner-occupied dwellings without a mortgage less likely to live in core housing need than the average urban Canadian

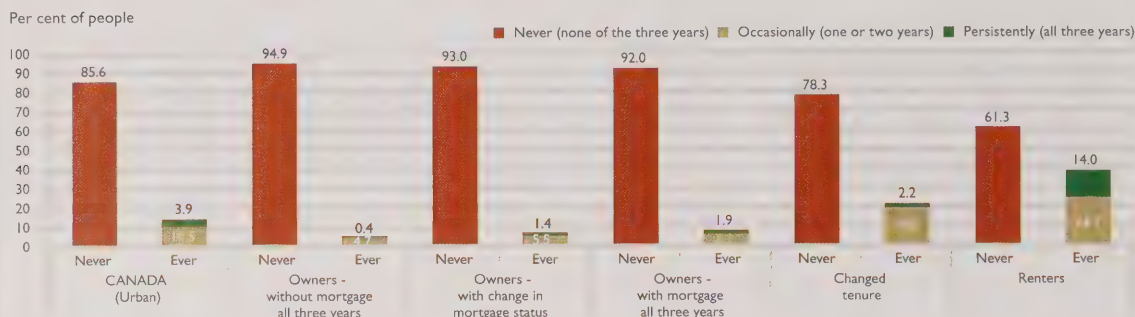
In general, urban people in owner-occupied dwellings were much less likely to ever live in core housing need than people whose accommodations were rented (see *Figure 6-17*). Most of the people in owner-occupied dwellings who did experience core housing need did so only occasionally (one or two years) rather than persistently (all three years). Almost 95 per cent (94.9 per cent) of people who lived in owner-occupied housing without a mortgage all three years, 2005-2007, never lived in a core housing need household, followed by those with a change in mortgage status (93.0 per cent) and those with a mortgage all three years (at 92.0 per cent).

Urban people in rented accommodations were much more likely to ever live in core housing need than the average urban Canadian.

People who changed tenure during the three-year period (2005-2007) were relatively less likely (at 78.3 per cent) to never live in a core housing need household than the average Canadian (at 85.6 per cent). Among those who changed tenure, 2.2 per cent lived persistently in a core housing need household while 19.5 per cent did so occasionally.

⁸ The larger number of households with multiple members (e.g., couples with children) which are not in core housing need lowers the incidence of core housing need when measured on a person basis.

FIGURE 6-17
PERSISTENCE OF URBAN CORE HOUSING NEED, BY TENURE, 2005-2007



Components may not add to 100 per cent due to rounding.

Source: CMHC (SLID-based housing indicators and data)

Female lone-parents most likely to live persistently in core housing need

The persistence of core housing need is strongly related to family⁹ arrangements (see *Figure 6-18*). Individuals living in female lone-parent families (at 48 per cent) were the most likely to ever live in core housing need, including 27.2 per cent who did so occasionally and 20.8 per cent who did so persistently. Individuals in female lone-parent families constitute about 4 per cent of the Canadian population, and are the family type with the highest incidences of both occasional and persistent core housing need.

Unattached senior (65+ years) females (at 35.2 per cent) were the family type with the next to highest incidence of ever living in core housing need, including 21.7 per cent who did so occasionally and 13.5 per cent who did so persistently during 2005-2007.

Unattached individuals were more likely to ever live in core housing need than other family types. Unattached females' likelihood of ever experiencing core housing need was higher than unattached males.

Individuals whose family type changed over the study period also had an above average incidence of ever living in core housing need. Many events leading to a change in family status can impact a person's ability to access acceptable housing. Household formation (e.g., children departing their parents' home) and family dissolution (e.g., separation, divorce) can leave individuals in a poorer financial position.¹⁰

Edmonton had the lowest proportion of people ever living in core housing need

Of the Census Metropolitan Areas examined, Edmonton had the lowest incidence of individuals who ever lived in core housing need at 11.3 per cent (see *Figure 6-19*).

Not surprisingly due to their high shelter costs, Toronto and Vancouver had the highest proportions (19.8 per cent and 18.9 per cent, respectively) of people ever living in a household in core housing need over 2005-2007.

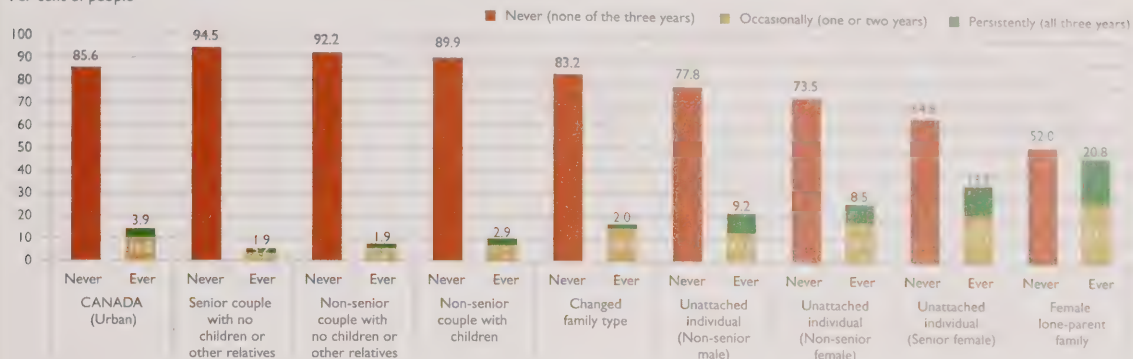
⁹ Family refers to the economic family and not the census family. An economic family is composed of two or more persons living together who are related by blood, marriage, adoption, or common-law. A census family refers to a married couple (with or without children of either or both spouses) or a lone-parent of any marital status, with at least one child living in the same dwelling. A couple may be of opposite or same sex. 'Children' in a census family include grandchildren living with their grandparent(s) but with no parents present. The concept of economic family may therefore refer to a larger group of persons than does the census family concept. All census family persons are economic family persons.

¹⁰ Paul Flatau, Patric Hendershott, Richard Watson and Gavin Wood, *What drives Australian housing careers? An examination of the role of labour market, social and economic determinants*. Final Report No. 68 Melbourne: Australian Housing and Urban Research Institute (AHURI), Western Australian Research Centre. September 2004.

FIGURE 6-18

PERSISTENCE OF URBAN CORE HOUSING NEED, BY SELECTED FAMILY TYPES, 2005-2007

Per cent of people



Components may not add to 100 per cent due to rounding.

Source: CMHC (SLID-based housing indicators and data)

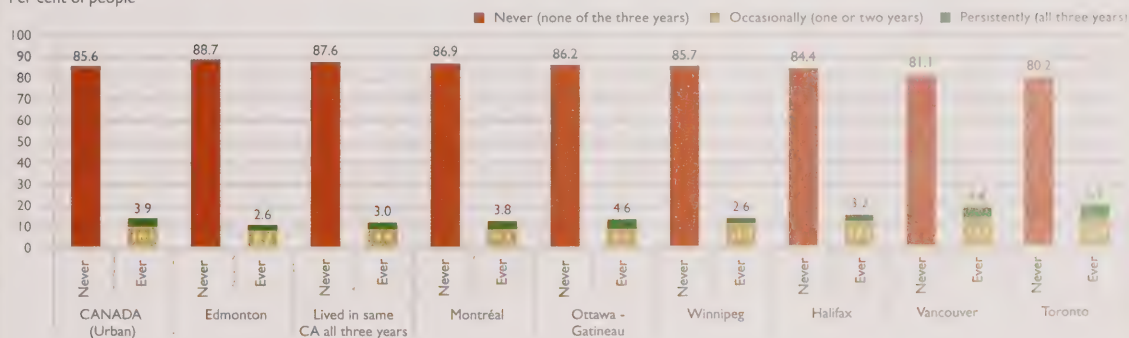
The dynamics of individuals in core housing need, 2005-2007 compared to 2002-2004

The dynamics of core housing need estimates for 2002-2004 (using SLID panels 3 and 4)¹¹ and 2005-2007 (using SLID panels 4 and 5) are briefly compared below in order to examine the extent to which the dynamics of core housing need changed between the two 3-year periods.

FIGURE 6-19

PERSISTENCE OF URBAN CORE HOUSING NEED, BY CMA AND CA,¹ 2005-2007

Per cent of people

¹ Only areas with a SLID annual sample of 500 or more households.

Components may not add to 100 per cent due to rounding.

Source: CMHC (SLID-based housing indicators and data)

¹¹ These were reported in the *Canadian Housing Observer* 2008.

The estimates for the two periods show similar results regarding the dynamic nature of core housing need (see *Figure 6-20* and *Figure 6-21*). The share of people ever living in core housing need who did so persistently decreased from 30 per cent in 2002-2004 to 27 per cent in 2005-2007 (see *Figure 6-21*), but the general pattern of about one-third of those ever in core housing need being persistently in core need was about the same

over the two 3-year periods, with the remaining about two-thirds being occasionally in core need.

The dynamics of urban individuals in core housing need, 2002-2007

This section presents the first ever analysis of the dynamics of individuals in core housing need over a six-year period: 2002-2007.¹²

FIGURE 6-20

LONGITUDINAL ESTIMATES OF PEOPLE LIVING IN URBAN HOUSEHOLDS IN CORE HOUSING NEED, 2005-2007 COMPARED TO 2002-2004

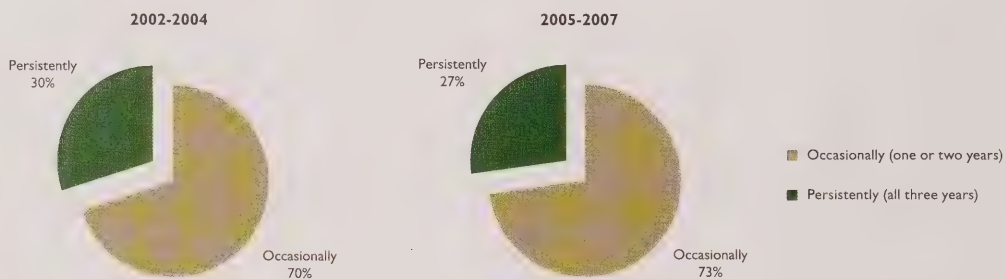
	Period in Core Housing Need					Total Ever
	Never	Ever				
		Occasionally			Persistently	
Years in Core Housing Need	0	1	2	Sub-total	3	
2005-2007	85.6%	6.3%	4.2%	10.5%	3.9%	14.4%
2002-2004	84.6%	6.6%	4.2%	10.8%	4.6%	15.4%

Components may not add to 100 per cent due to rounding.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-21

SHARE OF PEOPLE EVER LIVING IN CORE HOUSING NEED, 2002-2004 AND 2005-2007



All figures are rounded.

Source: CMHC (SLID-based housing indicators and data)

¹²The estimates are based on SLID panel 4. Because the data comes from only 15,000 households, a limited amount of information is available; hence data for some characteristics are not presented due to the small sample size.

About 81.4 per cent of Canadian urban individuals never lived in core housing need over the six-year period from 2002 to 2007 (see *Figure 6-22*). Of the 18.6 per cent who ever lived in core housing need at some point during this period, most (11.5 of the 18.6) lived in this situation for one or two years,¹³ 4.3 were in core housing need for three or four years,¹³ and 2.7 were in core housing need for five or six¹³ years.

Most individuals who lived in core housing need did so temporarily (see *Figure 6-23*). Some three-quarters of those who ever lived in core housing need during the six years were in core need for three years or less.

For urban individuals in households in the lowest-income quintile,¹⁴ the general pattern of persistence of core housing need is similar to the national pattern (see *Figures 6-22 and 6-23*).

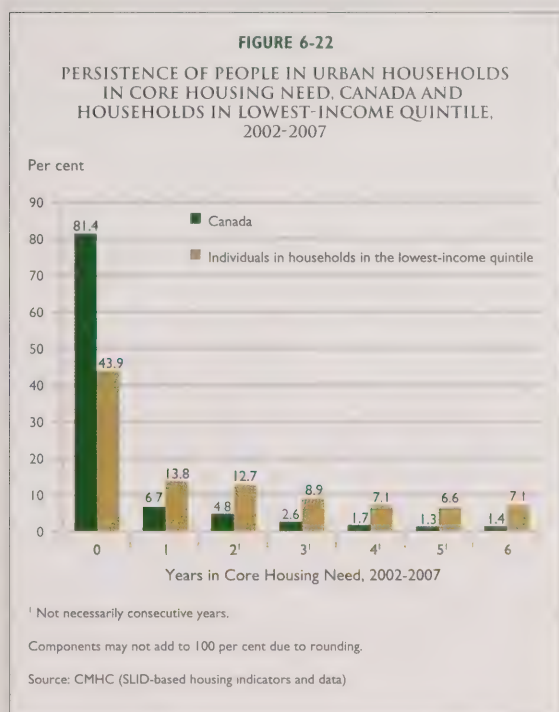
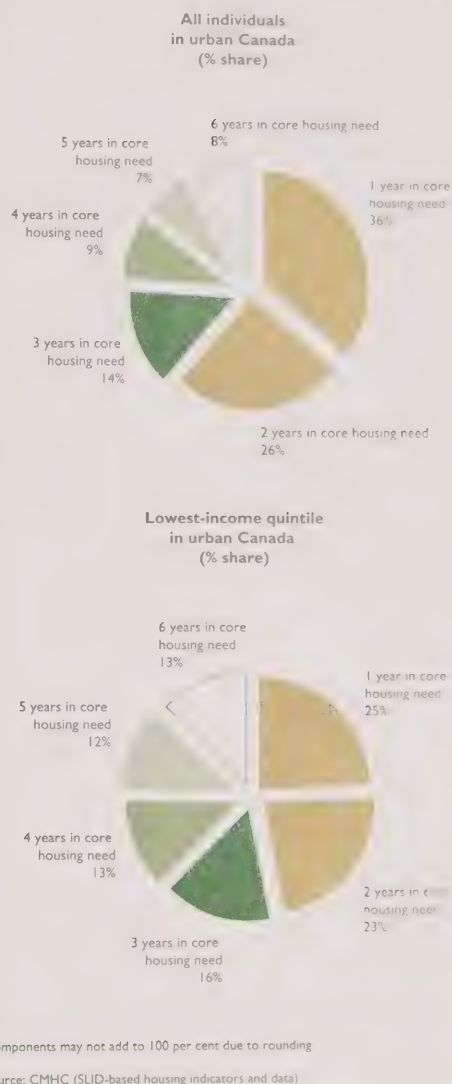


FIGURE 6-23
SHARE OF INDIVIDUALS EVER IN CORE
HOUSING NEED: ALL INDIVIDUALS AND THOSE
IN THE LOWEST-INCOME QUINTILE
2002-2007



¹³ Not necessarily consecutive years.

¹⁴ Individuals are ranked by their before-tax income in total for the six-year period 2002-2007 and divided into five equal-sized groups. For descriptive purposes, these groups are referred to as follows: lowest-income, moderate-income, middle-income, upper-income and highest-income. Individuals in the lowest-income quintile had an average income below \$31,995 over 2002-2007.

Characteristics of individuals in urban households in core housing need, 2002-2007

The general pattern of persistence of core housing need among urban Canadians for the single six-year panel (2002-2007) (see *Figure 6-24*) is similar to the double three-year panels (2002-2004 and 2005-2007), in that:

- People in owner-occupied dwellings were the least likely to ever live in core housing need. Homeowners with a mortgage all six years experienced higher incidence and somewhat greater persistence of core housing need relative to owners without a mortgage, though much lower incidence and less persistence than the average Canadian;
- People in rented accommodation had the highest incidence of ever living in core housing need and the greatest persistence (of tenure types);
- With their higher shelter costs, Toronto and Vancouver had the highest proportions and the greatest persistence (of CMA/CA types) of people ever living in core housing need over 2002-2007; and
- Individuals living in female lone-parent households and unattached senior women were the most likely to ever live in core housing need and had the greatest persistence (of family types).

FIGURE 6-24

PERSISTENCE OF PEOPLE IN URBAN HOUSEHOLDS IN CORE HOUSING NEED, BY SELECTED CHARACTERISTICS
(IN PER CENT), 2002-2007

Characteristics	0 years in core housing need	1 year in core housing need	2 years in core housing need	3 years in core housing need	4 years in core housing need	5 years in core housing need	6 years in core housing need
Canada	81.4	6.7	4.8	2.6	1.7	1.3	1.4
Tenure							
Owners - without mortgage all six years	92.8	3.7	1.4	F	F	F	F
Owners - with change in mortgage status	91.6	2.6	3.7	F	F	F	F
Owners - with mortgage all six years	89.6	3.8	3.1	0.9	1.0	0.7	F
Changed tenure	69.8	11.2	8.8	5.0	2.9	1.0	F
Renters	51.8	15.5	9.7	7.5	4.2	5.3	5.9
CMA/CA							
Montréal	84.3	6.8	4.4	F	F	F	F
Toronto	75.0	6.3	8.4	4.3	F	F	F
Vancouver	73.7	4.4	6.5	F	6.0	F	F
Lived in same CA all six years	83.5	7.0	3.8	2.0	1.2	0.9	1.7
Family Type							
Non-senior couple with children	86.1	5.0	4.8	1.2	1.5	F	F
Changed family type	79.2	8.3	5.5	2.9	1.7	1.4	0.9
Unattached individual (senior female)	54.9	11.6	7.4	F	F	F	9.3
Female lone-parent	41.2	10.5	13.4	17.1	F	F	9.5

Components may not add to 100 per cent due to rounding.

Bold numbers indicate cases where the percentage of individuals in core housing need is worse than the national average.

F – Too unreliable to be published.

Source: CMHC (SLID-based housing indicators and data)

Policy implications of the longitudinal core housing need analysis

Individual characteristics which suggest a weak attachment to the labour market are associated with persistent core housing need. To date, CMHC's longitudinal analysis has found that the groups most likely to experience persistent core housing need include the following:

- Female lone-parents,
- Unattached individuals, particularly unattached senior females,
- People living in low-income households,
- People living in households with government transfers as their major source of income,
- People living in households where no one was employed, and
- People who had not completed high school.

CMHC's longitudinal estimates of core housing need indicate that, to a significant extent, different people are in core housing need from year to year, although the annual rate of core housing need may remain little changed.¹⁵ The policy significance of this research is two-fold.

First, it provides information on the extent of year-to-year movement into and out of core housing need and the factors or events that contribute to this movement.

Secondly, the findings distinguish between temporary and more persistent spells of core housing need and indicate characteristics associated with different lengths of stay in core housing need.

Knowledge of both the factors and events that trigger movement into or out of core housing need and characteristics associated with the persistence of core housing need can inform decisions about which policy instruments or mechanisms may be most effective in addressing housing need.

FAST Facts

- Cross-sectional estimates show that the incidence of urban core housing need showed a steady decline between 2002 and 2007, from 13.9 per cent to 12.4 per cent.
- Toronto and Vancouver (at 17.2 per cent and 15.2 per cent, respectively) had the highest incidences of core housing need in 2007 among selected Census Metropolitan Areas.
- In 2007, over half (55.1 per cent) of lowest-income renters were in core housing need compared to 38.8 per cent of lowest-income owners.
- Longitudinal estimates show that only 3.9 per cent of urban Canadians lived persistently (all three years) in an urban household in core housing need over 2005-2007 while 10.5 per cent did so occasionally (one or two years).
- Female lone-parent families (at 48 per cent) were the most likely to ever live in core housing need compared to all family types examined over 2005-2007.
- The first ever analysis of six-year longitudinal data shows about 81.4 per cent of individuals in urban Canada never lived in core housing need from 2002 to 2007. Of the 18.6 per cent who ever lived in core housing need at some point during this period, most (11.5 of the 18.6) lived in this situation for one or two years, 4.3 were in core housing need for three or four years, and 2.7 were in core housing need for five or six years. For most individuals living in core housing need, it is a temporary situation.

¹⁵ This section draws from the preceding analysis in this chapter as well as the following CMHC publications: "Recent Trends in Housing Affordability and Core Housing Need," *Canadian Housing Observer* 2008. Ottawa: Canada Mortgage and Housing Corporation, 2008; "The Dynamics of Housing Affordability," *Research Highlight*. Ottawa: Canada Mortgage and Housing Corporation, January 2008; "Extended Characterization of Individuals Experiencing Occasional and Persistent Core Housing Need (2002-2004)," *Research Highlight*. Ottawa: Canada Mortgage and Housing Corporation, September 2009; and unpublished CMHC research.

The research found that transitions play a large role in the incidence of occasional core housing need and in prompting movements into and out of core housing need. People who changed household type, who lived in households in which the number of employed persons changed, whose major source of income changed, or who moved between CMAs all tended to comprise the groups

with the highest incidence of occasional core housing need during the periods under study. Similar to studies on poverty dynamics, this research indicates that job loss or gain and household formation or dissolution (e.g., due to divorce) play significant roles in prompting movements into and out of core housing need.¹⁶

¹⁶ Studies on poverty dynamics also emphasize that a large share of people who are persistently poor are typically individuals with a weak attachment to the labour market. See, for example, *The New Face of Poverty: Income Security Needs of Canadian Families*. Economic Council of Canada, 1992; Ross Finnie, *Earnings Dynamics in Canada: A Dynamic Analysis of Low Market Incomes (Market Poverty) of Families with Children, 1982-1993*. Ottawa: Applied Research Branch, Strategic Policy, Human Resources Development Canada, 1997; Ross Finnie *Low Income ("Poverty") Dynamics in Canada: Entry, Exit, Spell Durations, and Total Time*. Ottawa: Applied Research Branch Working Paper W-00-7E, Human Resources Development Canada 2000; Ross Finnie and Arthur Sweetman. "Poverty Dynamics: Empirical Evidence for Canada," *Canadian Journal of Economics*, 36:2, 2003; Michael Hatfield, "Vulnerability to Persistent Low Income." *Horizons*, 7: 2, 2004; Garnett Picot, Myles Zyblock, and Wendy Piper *Why Do Children Move Into and Out of Low Income: Changing Labour Market Conditions or Marriage or Divorce?* Working Paper. Ottawa: Statistics Canada, Analytical Studies Branch 1999.

An Exploration of Alternative Measures of Housing Need



Spending 30 per cent or more of total household income before taxes on shelter has traditionally been used as an indication of housing affordability problems. A 30 per cent affordability standard is one of the standards at the heart of the Canadian core housing need measure.¹ A household is in core housing need if its housing does not meet one or more standards for housing adequacy (repair), suitability (crowding), or affordability and if it would have to spend 30 per cent or more of its before-tax income to pay the median rent (including utilities) of appropriately sized alternative local market housing.²

Assessing whether households are in core housing need involves two steps:

- i) Determining whether households live in housing that meets all three standards; and
- ii) Determining whether those who do not live in housing that meets all three standards can afford median-priced alternative rental housing.³

The second step is a means test that ensures that households with sufficient income to rent alternative housing in the local market but who, for whatever reason, live in housing that does not meet one or more housing standards are not counted among those in housing need.⁴

The origins of the core housing need indicator date back to joint Canada-U.S. research published in the early 1980s.⁵ That research featured a 25 per cent affordability standard, which originated in an early twentieth century rule of thumb of “a week’s wages for a month’s rent”.⁶ The affordability standard was modified in the mid-1980s to 30 per cent in both countries.

This chapter explores how the 30 per cent standard compares to what households actually pay for housing in Canada and how housing need estimates change as the housing affordability standard is raised above 30 per cent. The latter exercise complements the core housing need indicator by identifying subsets of households with relatively severe affordability burdens from among those in core housing need.⁸

¹ For the purpose of measuring housing affordability, shelter costs include the following: for renters, rent and any payments for electricity, fuel, water, and other municipal services; for owners, mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water, and other municipal services.

² For further detail on the definitions underlying core housing need, refer to the text box on acceptable housing and core housing need in Chapter 6.

³ For example, suppose that median annual rental shelter costs for two-bedroom apartments are \$6,000. Based on a 30 per cent affordability standard, a household would need an income before taxes above \$20,000 to afford this rent.

⁴ For example, a well-off household paying more than 30 per cent of its income on shelter because it chose to buy an expensive home would not be in core housing need.

⁵ Paul Burke, Connie Casey, and Gerd Doepner. *Housing Affordability Problems and Housing Need in Canada and the United States: A Comparative Study*. Washington: 1981.

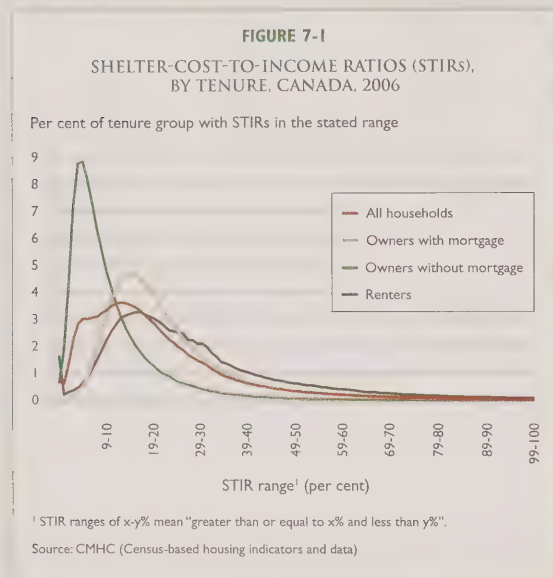
⁶ Danilo Pelletiere. *Getting to the Heart of Housing's Fundamental Question: How Much Can a Family Afford?* Washington: 2008. p. 1.

⁷ J. David Hulchanski. “The Concept of Housing Affordability: Six Contemporary Uses of the Housing Expenditure-to-Income Ratio.” *Housing Studies*. Vol. 10. no. 4., 1995 p. 481. Pelletiere. *Getting to the Heart of Housing's Fundamental Question*. Washington: 2008. p. 5. To be affordable in Canada, housing must cost less than 30 per cent of before-tax household income; in the U.S. it must cost less than or equal to 30 per cent.

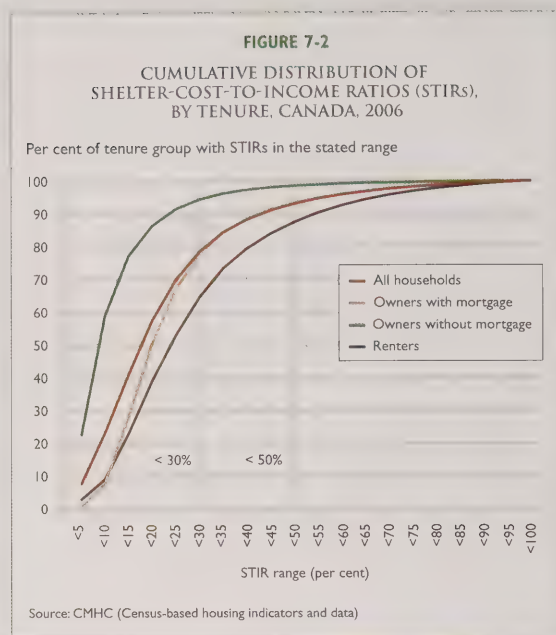
⁸ Data discussed in this chapter have been randomly rounded by Statistics Canada to protect confidentiality and hence may differ slightly from other housing needs estimates published by CMHC.

Most households spend much less than 30 per cent of income on shelter

Most households have shelter-cost-to-income ratios (STIRs) below 30 per cent. In 2006, the distribution of STIRs peaked at between 13 and 14 per cent (see *Figure 7-1*), and a typical, or median, household spent 17.6 per cent of its income before taxes on shelter.⁹ STIR distributions peaked in the range of 5 to 6 per cent for owners without mortgages, 15 to 16 per cent for owners with mortgages, and 17 to 18 per cent for renters. These patterns indicate that, in relative terms at least, the existing affordability standard, though descended from a decades-old rule of thumb, is still a reasonable starting point for identifying disadvantaged households.



Although relatively few households overall (6.9 per cent) had STIRs of 50 per cent or more, percentages varied markedly by tenure—12.6 per cent for renter households, 1.4 per cent for homeowners without mortgages, and 6.6 per cent for those with mortgages (see *Figure 7-2*).



Households in core housing need experience different degrees of need

Households can experience a wide range of housing conditions. The core housing need indicator divides this diversity of experience into two categories: households in need and not in need. There may be little objective difference in the living conditions of households who are very close to, but on opposite sides of, the line dividing the two groups.¹⁰ In addition, there are inevitably significant differences in the severity of needs within the group identified as being in core housing need.

One way to explore the severity of housing need is to substitute progressively higher affordability standards for the conventional 30 per cent of income benchmark. Raising the affordability standard in this manner identifies subsets of relatively heavily burdened households from within the group identified as being in core housing need.

⁹ A median is typical in that half of households have values at or below the median and half at or above the median.

¹⁰ For example, a household spending exactly 30 per cent of before-tax income on shelter and with an income below the amount needed to pay for median-priced alternative rental accommodation would be classed as in need, while a household with the same income but fortunate enough to have found housing that consumed 29.99 per cent of its income would not be deemed to be in need. There is likely very little difference between the two households with respect to housing need. The second household might even be in more difficult circumstances than the first if it faced unique claims on its income, for example, medical, dietary, or other costs.

Housing need estimates based on alternative affordability standards

Alternative housing need estimates described in this chapter were developed using 35, 40, 45, and 50 per cent affordability standards. The method used to generate alternative need estimates is identical to that used for core need estimates, the only difference being substitution of alternative affordability criteria for the traditional 30 per cent standard. The resultant housing need estimates identify households whose housing fails to meet one or more of the three housing standards and who, based on the alternative affordability standard, are unable to afford the cost of alternative housing. For example, in the case of a 35 per cent affordability standard, households deemed to be in need would be those living in housing that does not meet at least one housing standard (including the 35 per cent affordability benchmark) and who would require at least 35 per cent of their income before taxes to pay for median-priced alternative rental housing in the local market.

Alternative affordability standards identify households with relatively severe needs

In 2006, 1.5 million households in Canada were in core housing need. Raising the affordability standard to 35 per cent reduces the number of households in need by almost one-third to just over 1 million (see *Figure 7-3*). Moving to a 50 per cent affordability threshold lowers the number to 423,000.

All of the households in housing need under alternative affordability standards are also in core housing need. Imposing progressively higher affordability criteria identifies households with increasingly severe needs—lower incomes and higher STIRs—from among those in core housing need (see *Figure 7-4*).¹¹

FIGURE 7-3

HOUSING NEED UNDER ALTERNATIVE AFFORDABILITY STANDARDS, CANADA, 2006

- In core housing need, 30% standard
- In housing need, 35% standard
- In housing need, 40% standard
- In housing need, 45% standard
- In housing need, 50% standard

1,494,000
1,036,000
758,000
563,000

Source: CMHC (Census-based housing indicators and data)

FIGURE 7-4

AVERAGE HOUSEHOLD INCOMES AND SHELTER-COST-TO-INCOME RATIOS (STIRs) OF HOUSEHOLDS IN NEED UNDER ALTERNATIVE AFFORDABILITY STANDARDS, CANADA, 2006

Affordability standard ¹	Average household income before taxes (\$)	Average STIR before taxes (%)
30%	19,969	48.7
35%	17,887	53.0
40%	16,161	56.5
45%	14,780	59.6
50%	13,720	62.2

¹ Under affordability standards of X%, housing is considered affordable if shelter costs account for less than X% of a household's before-tax income. A household is in housing need if its housing does not meet one or more standards for housing adequacy, suitability, or affordability and if it would have to spend X% or more of its before-tax income to pay for median-priced, appropriately sized alternative rental housing in the local market.

Source: CMHC (Census-based housing indicators and data)

¹¹ Two groups account for the decline in the number of households identified as being in need when the affordability standard is raised: i) households whose housing meets all three standards once the higher benchmark is imposed, and ii) households able to afford median-priced alternative rental housing in the local market under the alternative standard. The first group comprises households living in suitable and adequate housing whose housing is unaffordable under a 30 per cent standard but whose STIRs are below the alternative standard. For example, a household in core need spending 32 per cent of before-tax income on shelter but living in suitable and adequate housing would not be in housing need under a 35 per cent affordability standard. The second group comprises households whose housing does not meet one or more housing standards but whose incomes are sufficient to pay for alternative local housing under the alternative affordability standard. Increasing the affordability standard lowers the household income required to afford median-priced alternative local rental housing. For example, if the median annual rental shelter cost for a two-bedroom apartment was \$9,000, a household would need an income before taxes above \$30,000 to afford that rent under a 30 per cent affordability standard, but would require an income above \$18,000 under a 50 per cent standard.

In 2006, four out of five households in core housing need (80.4 per cent) had incomes in the bottom quintile, compared to almost all (96.9 per cent) of the households identified as being in need under a 50 per cent affordability standard. Dependence on government transfers also increases as the affordability threshold rises. In 2006, government transfers were the major source of income for 64.6 per cent of households in need under a 50 per cent affordability standard, compared to 56.8 per cent of households in core housing need.¹²

Tenure mix of households in need changes as the affordability standard is raised

As the standard moves above 30 per cent, renters account for an increasing share of households in need and homeowners with mortgages for a decreasing share (see Figure 7-5). These shifts reflect income differences: in 2006, homeowners with mortgages who were in core

housing need had higher incomes on average than other households in need and hence were more likely to be able to afford median-priced rental housing under progressively higher affordability benchmarks. Among households in core housing need in 2006, homeowners with mortgages had average incomes before taxes of \$26,781, compared to \$18,496 for renters and \$17,025 for homeowners without mortgages.

As a group, homeowners without mortgages who were in core housing need in 2006 had lower average incomes before taxes than renters or other homeowners, but having paid off their mortgages, they also had lower shelter costs. As a result, their share of housing need is little changed when the affordability standard is raised. Almost half (46 per cent) of mortgage-free homeowners in core housing need in 2006 were households maintained by seniors.

FIGURE 7-5

HOUSING NEED UNDER ALTERNATIVE AFFORDABILITY STANDARDS,
BY TENURE, CANADA, 2006

Affordability standard ¹	All households	Owners	Owners with mortgages	Owners without mortgages	Renters
Total housing need					
30%	1,494,000	513,000	303,000	210,000	982,000
35%	1,036,000	335,000	192,000	143,000	701,000
40%	758,000	229,000	126,000	102,000	530,000
45%	563,000	160,000	84,000	76,000	403,000
50%	423,000	114,000	56,000	58,000	308,000
Distribution of housing need (%)					
30%	100.0	34.3	20.3	14.0	65.7
35%	100.0	32.4	18.6	13.8	67.6
40%	100.0	30.2	16.7	13.5	69.8
45%	100.0	28.4	14.8	13.6	71.6
50%	100.0	27.1	13.3	13.8	72.9

¹ Under affordability standards of X%, housing is considered affordable if shelter costs account for less than X% of a household's before-tax income. A household is in housing need if its housing does not meet one or more standards for housing adequacy, suitability, or affordability and if it would have to spend X% or more of its before-tax income to pay for median-priced, appropriately sized alternative rental housing in the local market.

Figures may not add due to rounding. Need estimates are rounded to the nearest 1,000 households. Percentages are calculated from unrounded data.

Source: CMHC (Census-based housing indicators and data)

¹² The major source of income is whichever of six components of before-tax income is the largest. The six components are paid employment, self-employment, income from government, investment income, retirement pensions (pensions and annuities, including those from Registered Retirement Savings Plans and Registered Retirement Income Funds), and other income. As defined, the major income source is larger than any other source but by itself does not necessarily account for the majority of a household's income.

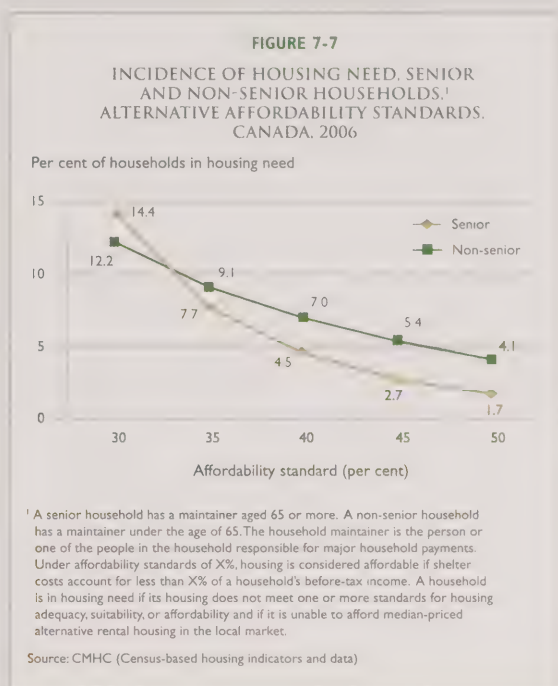
Seniors are less likely to experience severe housing needs than younger households

Other changes in the composition of housing need under progressively higher affordability standards are summarized below:

- Many senior households who live in core housing need are not in need once the affordability standard is raised.¹³ In 2006, senior households accounted for 24.7 per cent of housing need under a 30 per cent affordability standard (see *Figure 7-6*).¹⁴



Although senior households are more likely to fall into core housing need than other households, they are less likely than other households to have severe needs. Raising the affordability standard to 35 per cent reduces the incidence of housing need for senior households below that of non-senior households (see *Figure 7-7*).



- Lone-parent households account for an increasing share of housing need, and couples for a decreasing share, as the affordability standard rises from 30 per cent (see *Figure 7-8*).
- Though their share drops slightly in moving from a 30 per cent to a 35 per cent affordability benchmark, one-person households consistently account for about 45 per cent of total housing need regardless of affordability standard, the largest share for any household type.

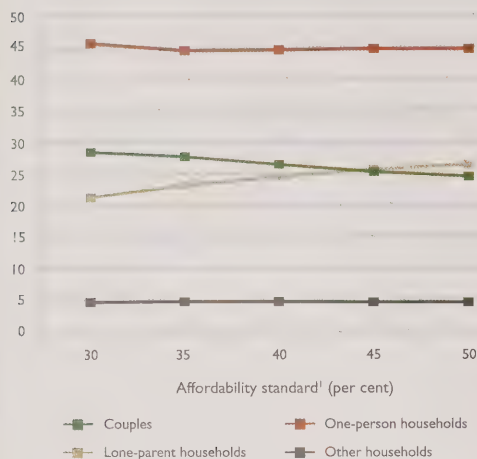
¹³ A senior household has a primary household maintainer aged 65 or more. The primary household maintainer is the first person in the household listed on the census form as being responsible for major household payments.

¹⁴ Relatively few senior households in core housing need spent 50 per cent or more of their incomes on shelter and a comparatively high percentage of those that did had sufficient income to afford median-priced alternative housing under a 50 per cent affordability standard.

FIGURE 7-8

DISTRIBUTION OF HOUSING NEED
BY HOUSEHOLD TYPE, ALTERNATIVE
AFFORDABILITY STANDARDS,
CANADA, 2006

Share of total housing need (per cent)



Under affordability standards of X%, housing is considered affordable if shelter costs account for less than X% of a household's before-tax income. A household is in housing need if its housing does not meet one or more standards for housing adequacy, suitability, or affordability and if it is unable to afford median-priced alternative rental housing in the local market.

Source: CMHC (Census-based housing indicators and data)

- The share of housing need comprising immigrant households—about 32 per cent—changes little as the affordability standard rises.¹⁵ Recent immigrants are a different story. As a group, recent immigrant households experience more difficult housing conditions than other households and hence comprise an increasing share of housing need as the affordability standard rises from 30 per cent (see Figure 7-9).¹⁶ More generally, households with immigrant maintainers who landed in Canada after 1990

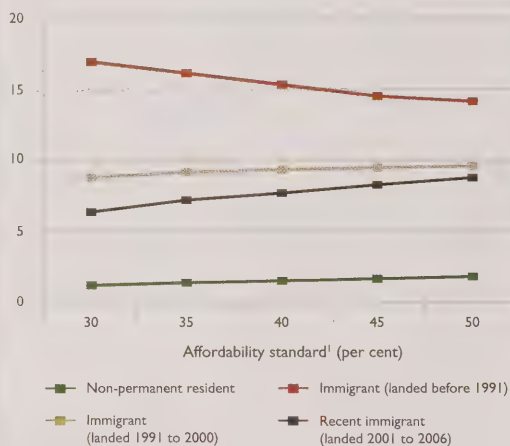
accounted for an increasing share of housing need in 2006 at higher affordability standards, as did households maintained by non-permanent residents.

- Aboriginal households also have relatively severe housing need and therefore make up a higher share of housing need as the affordability standard rises from 30 per cent.¹⁷ In 2006, 7.2 per cent of households in need under a 50 per cent affordability standard were Aboriginal, compared to 5.5 percent of households in core housing need.

FIGURE 7-9

DISTRIBUTION OF HOUSING NEED, IMMIGRANT
AND NON-PERMANENT RESIDENT HOUSEHOLDS,
ALTERNATIVE AFFORDABILITY STANDARDS,
CANADA, 2006

Share of total housing need (per cent)



¹ Under affordability standards of X%, housing is considered affordable if shelter costs account for less than X% of a household's before-tax income. A household is in housing need if its housing does not meet one or more standards for housing adequacy, suitability, or affordability and if it is unable to afford median-priced alternative rental housing in the local market.

Source: CMHC (Census-based housing indicators and data)

¹⁵ The term "immigrant household" refers to a household with a primary maintainer who is a landed immigrant.

¹⁶ Recent immigrant households comprise households whose primary maintainers became landed immigrants during the period from 2001 through May 16, 2006 (Census Day).

¹⁷ Aboriginal households comprise any family household in which at least one spouse, common-law partner or lone-parent self-identified as Aboriginal; or at least 50 per cent of household members self-identified as Aboriginal; and any non-family household in which at least 50 per cent of household members self-identified as Aboriginal.

Housing need—incidence and severity

Though groups with a high incidence of core housing need are more likely to experience severe needs than other groups, such is not always the case. Groups with a high incidence of core need can have needs of moderate severity, while groups with a low incidence of need can have disproportionately severe needs.

Seniors illustrate the distinction between frequency (or incidence) of need and severity of need. Senior households are more likely than other households to experience core housing need—their incidence of need is high—yet the severity of their needs is moderate in comparison to other households: they account for a dramatically diminishing portion of need as the affordability standard is raised.¹ Immigrant households whose maintainers landed in Canada prior to 1991 show a similar, albeit less pronounced, pattern—a higher-than-average incidence of core housing need and a lower-than-average incidence of more severe needs (see *Figure 7-10*).

In contrast, households with maintainers aged 45 to 64 are less likely than the average household to be in core housing need but slightly more likely to experience need when affordability standards reach 45 per cent or more.

Many other groups consistently show higher-than-average incidences of housing need whatever the affordability standard. They include renters, lone-parent households, people living alone, households maintained by non-permanent residents, households maintained by recent immigrants, and Aboriginal households.

¹ “Moderate” is used here in a relative sense to describe the degree of need experienced by senior households. It is not meant to suggest that seniors do not suffer significant needs. As noted, the incidence of core housing need is relatively high among senior households. In addition, seniors face challenges associated with aging and physical decline that could involve substantial costs that are not factored into the shelter-cost-to-income ratios that underlie housing need measures.

Policy implications

A 30 per cent affordability standard is a key component of the definition of core housing need. One way to examine the relative severity of needs is to substitute progressively higher affordability standards for the conventional 30 per cent measure. Raising the standard in this manner identifies households with progressively more serious affordability burdens. At higher affordability standards, the number of households identified as being in need declines, and the composition of housing need estimates changes because of differences in the severity of needs across groups.

Examining characteristics of those with relatively severe housing needs can inform housing policy. A number of groups tend to have relatively severe housing needs and hence account for increasing shares of need when the affordability standard is raised. They include renters, low-income households, lone-parents, recent immigrants, non-permanent residents, and Aboriginal households. These groups combine a high incidence of core housing need with high severity of need.

Other groups account for decreasing shares of housing need when the affordability standard is raised because their needs on balance are not as severe. Senior households are a notable instance. Though more likely than other households to be in core housing need, households maintained by seniors are much less likely to experience severe needs.

FIGURE 7-10
INCIDENCE¹ OF HOUSING NEED UNDER ALTERNATIVE AFFORDABILITY
STANDARDS, BY SELECTED HOUSEHOLD CHARACTERISTICS,
CANADA, 2006 (PER CENT)

	Affordability standard ²				
	30%	35%	40%	45%	50%
All households	12.7	8.8	6.4	4.8	3.6
Tenure					
Owners	6.3	4.1	2.8	2.0	1.4
Owners with mortgage	6.5	4.1	2.7	1.8	1.2
Owners without mortgage	6.0	4.1	2.9	2.2	1.7
Renters	27.2	19.4	14.7	11.2	8.5
Age of household maintainer					
15 to 29 years	16.0	12.0	9.2	7.1	5.5
30 to 44 years	12.9	9.5	7.1	5.4	4.2
45 to 64 years	10.9	8.2	6.3	4.9	3.7
65 years and over	14.4	7.7	4.5	2.7	1.7
Household type					
Couples without children	5.1	3.3	2.3	1.6	1.1
Couples with children	7.1	4.9	3.4	2.5	1.8
Lone-parent households	26.5	20.0	15.5	12.0	9.3
Multiple-family households	8.4	5.6	4.0	2.8	2.1
One-person households	22.3	15.1	11.0	8.2	6.2
Two or more persons non-family households	12.1	8.7	6.4	4.7	3.5
Immigrant status of household maintainer					
Non-immigrant	11.0	7.6	5.5	4.1	3.1
Non-permanent resident	28.8	22.9	18.3	14.9	12.2
Immigrant	18.2	12.8	9.3	6.9	5.2
Prior to 1991	14.0	9.2	6.4	4.5	3.3
1991 to 2000	23.4	16.9	12.6	9.5	7.2
2001 to 2006	35.4	27.8	21.7	17.3	13.8
Household type (Aboriginal status)					
Aboriginal household	20.4	15.6	12.3	9.6	7.5
Non-Aboriginal household	12.4	8.6	6.2	4.6	3.5

¹ Incidences describe the percentage of households in housing need under each affordability standard.

² Under affordability standards of X%, housing is considered affordable if shelter costs account for less than X% of a household's before-tax income. A household is in housing need if its housing does not meet one or more standards for housing adequacy, suitability, or affordability and if it would have to spend X% or more of its before-tax income to pay for median-priced, appropriately sized alternative rental housing in the local market.

Source: CMHC (Census-based housing indicators and data)

The EQUilibrium™ Initiatives

8



The first section of this chapter provides an update¹ on the progress of CMHC's EQUilibrium™ Sustainable Housing Demonstration Initiative, launched in 2006.²

The second section provides an overview of the EQUilibrium™ Communities Initiative.

The EQUilibrium™ Housing Initiative

The EQUilibrium™ Housing Initiative has brought the private and public sectors together to design, build and demonstrate homes that balance our housing needs with those of our environment. EQUilibrium™ homes address occupant health and comfort, energy efficiency and renewable energy production, resource conservation, reduced environmental impact and affordability. The EQUilibrium™ Housing Initiative is demonstrating approaches to highly energy-efficient, low-environmental-impact housing that provides healthy indoor living environments and produces as much energy as it consumes on a yearly basis.

EQUilibrium™ housing combines a wide range of available technologies, strategies, products and techniques designed to reduce a home's energy use and minimize its environmental impact. At the same time, EQUilibrium™ housing also features commercially available, on-site renewable energy systems to provide clean energy to help reduce annual energy consumption costs and greenhouse gas (GHG) emissions.

The teams chosen to build and demonstrate their EQUilibrium™ Housing projects were announced in February 2007. A second call for proposals in 2008 resulted in additional projects in British Columbia and Atlantic Canada.

The winners each receive financial support to a maximum of \$60,000 from CMHC to help defray costs relating to the design and documentation of their projects, carrying out quality assurance, commissioning, and demonstrating the homes to the general public. CMHC is also providing technical, marketing and promotional support to the winning teams and is supporting performance monitoring and reporting for all the projects constructed.

As the homes are completed, they will be opened for public and industry tours for a minimum time period of six months. During this demonstration phase, consumers will learn first-hand about available sustainable housing choices. At the same time, the demonstration homes will encourage industry professionals to continue to develop their knowledge base and capacity to deliver better environmental products and services to their clients.

After the demonstration period, the EQUilibrium™ homes will be sold and a performance monitoring period will commence, for a minimum time period of one year. CanmetENERGY is providing support for the energy monitoring of the EQUilibrium™ houses.

¹ The information presented here is as of August, 2010; for more recent information visit www.cmhc.ca keyword: "EQUilibrium".

² See *Canadian Housing Observer 2007* at www.cmhc.ca, Chapter 2: New Housing for a Changing World.

Project progress update

Seven EQUilibrium™ Housing projects have been completed. Four of these projects have been sold and are now occupied. A fifth project, a renovation, is also occupied. Performance monitoring has been initiated in the occupied homes to assess the extent to which the homes meet their original performance objectives. Two projects are under construction and are expected to be completed in 2010. Other projects are in the planning and approvals stage. The following pages profile the key features and status of the EQUilibrium™ Housing projects that are either under construction or have been completed. For information on all EQUilibrium™ Housing projects, visit our website at www.cmhc.ca.

EQUilibrium™ Housing information transfer initiatives

Since its launch, CMHC's EQUilibrium™ Sustainable Housing Demonstration Initiative has met with considerable success and interest from the public, residential construction industry, and academic institutions. To share the information and knowledge that is being developed through the initiative with as broad an audience as possible, CMHC has developed a number of information transfer products and outreach activities concerning the initiative and each of the participating projects:

*EQUilibrium™ Housing Project Profiles*³: Project Profiles are being developed for each of the completed projects. The Profile provides an overview of the strategies the project teams used to meet occupant health and comfort, energy efficiency, renewable energy production, environmental impact, resource conservation and affordability objectives. Technical information on the design, climate and targeted energy performance of the homes is also included.

*EQUilibrium™ Housing InSights*⁴: These publications provide more detailed information on specific design strategies and technologies the project teams used in the design and construction of the EQUilibrium™ housing projects.

*EQUilibrium™ Housing Industry Forums*⁵: These 3-day events are organized by CMHC to provide a venue for the housing industry to learn directly from the EQUilibrium™ Housing builder teams about the challenges faced and opportunities realized in designing and delivering their housing projects. The first EQUilibrium™ Housing Industry Forum was held in Edmonton, Alberta in November 2009. Over 150 participants attended the two days of technical sessions and third day of EQUilibrium™ home tours, and evaluation feedback on the event indicated a high likelihood of attendees incorporating what they learned at the Forum into their business practices. A second EQUilibrium™ Housing Forum is anticipated to take place in Montreal in late 2010.

EQUilibrium™ Housing Tours: The availability of the EQUilibrium™ projects for site visits and tours represents another important opportunity to inform industry and consumers about the specific attributes of the homes and sustainable housing in general. Tours during construction and after the completion of the homes have been provided for the general public, industry and trade groups, academic audiences, and foreign delegations. Each of the completed homes is available to the public for 6 months to provide the project teams with an opportunity to showcase their EQUilibrium™ projects. CMHC provides support for the tours and demonstration contributing marketing and media expertise, on-site support during the tours and the provision and evaluation of exit surveys completed by people visiting the homes.

³ Visit www.cmhc.ca/en/inpr/su/eqho/eqho_007.cfm.

⁴ Visit www.cmhc.ca/en/inpr/su/eqho/eqho_007.cfm.

⁵ Visit www.cmhc.ca/en/inpr/su/eqho/eqhofo/index.cfm.

Equilibrium™ Housing Demonstration Homes Key Features and Status

AVALON DISCOVERY 3
AVALON MASTER BUILDER
Red Deer, Alberta



Photo Credit: CMHC

- New, storey and a half, 243 m² (2,624 sq. ft.), single-detached home on a residential lot in a new suburban community.
- The home main floor has been designed for barrier-free living. The second floor includes two bedrooms, a loft area, and a three-piece bathroom. A garage loft provides storage space in place of the basement.
- Targeted near net-zero annual energy consumption.
- Highly insulated slab-on-grade foundation with in-floor radiant heat.
- Photovoltaic roof tile system.
- Low emission building materials.
- Rainwater harvesting and xeriscape landscaping.

STATUS:

Construction and demonstration completed. Home has been sold and is occupied. Performance monitoring is underway.

ÉCOTERRA™
ALOUETTE HOMES
Eastman, Quebec



Photo Credit: CMHC

- New, two-storey single-detached rural home, 141 m² (1,517 sq. ft.).
- Factory-built and engineered modular construction.
- Targeted near-net zero annual energy consumption.
- House oriented to maximize solar exposure.
- Roof-integrated hybrid photovoltaic and solar thermal system.
- Includes features to promote uniformity of air temperature and air quality.
- Sustainable use of materials through recycling and construction-related waste reduction.

STATUS:

Construction and demonstration completed. Home has been sold and is occupied. Performance monitoring is underway.

THE NOW HOUSE™
THE NOW HOUSE™ PROJECT INC.
Toronto, Ontario



Photo Credit: CMHC

- Extensive retrofit of a 139 m² (1,496 sq. ft.) post-war, single-detached storey and a half home.
- Focuses on reuse and conservation of existing resources.
- Targeted near net-zero annual energy consumption.
- Upgraded insulation, windows and Energy Star® appliances.
- Electricity-producing photovoltaic array and solar hot water system.
- Drainwater heat recovery.
- Predicted reduction of almost 6 tonnes of GHG emissions a year, with significant annual energy savings.

STATUS:

Construction and demonstration completed. House is occupied.
Performance monitoring is underway.

THE RIVERDALE NETZERO PROJECT
HABITAT STUDIO & WORKSHOP LTD.
Edmonton, Alberta



Photo Credit: CMHC

- New, two-storey semi-detached, 234 m² (2,519 sq. ft.) home.
- Targeted net surplus annual energy production.
- Super energy-efficient building envelope.
- Photovoltaic array and solar hot water heating system.
- Building materials are regional, renewable and/or abundant.
- Low-emission building materials and finishes.
- 54 per cent reduction in potable water use. Exterior drought-tolerant plants rely solely on rainwater.

STATUS:

Construction and demonstration completed. Home has been sold and is occupied.
Performance monitoring is underway.

ABONDANCE MONTREAL: LE SOLEIL
ECOCITE / CONSTRUCTION SODERO
Montréal, Quebec



Photo Credit: CMHC

- New triplex, 96.5 m² (1,039 sq. ft.) per unit, plus basement and stairway common areas.
- Built in an established urban location with access to many amenities including subway, bicycle paths, and shopping within walking distance.
- Targeted net-zero annual energy consumption.
- Super energy-efficient, airtight building envelope, with polyurethane foam insulation.
- Photovoltaic panels and solar hot water heating system installed on a pergola over the rooftop terrace.
- Ground source heat pump system provides heating and cooling.
- Dedicated heat recovery ventilators for each unit for superior air quality and humidity control.

STATUS: Construction completed. Two of three units are sold and occupied.
Demonstration period is underway in one unit.

LAEBON CHESS PROJECT
LAEBON HOMES
Red Deer, Alberta



Photo Credit: CMHC

- New, 134 m² (1,447 sq. ft.), storey and a half single-detached home.
- Targeted net-zero annual energy consumption.
- Building envelope utilizes energy-efficient pre-fabricated structural insulated panels (SIPs).
- Active and passive renewable energy systems and ground source heat pump system.
- Construction waste reduction target of 60 to 70 per cent.
- House can evolve to meet occupants' changing needs.

STATUS: Home has been sold.

INSPIRATION – THE MINTO ECOHOME
MINTO DEVELOPMENTS INC.
Manotick, Ontario



Photo Credit: CMHC

- New, two-storey, 218.5 m² (2,352 sq. ft.) single-detached home.
- Targeted near net-zero annual energy consumption.
- Highly insulated building envelope. Double frame walls and triple pane low-E argon filled windows.
- Photovoltaic, solar thermal and solar air preheat systems.
- Rainwater harvesting and reuse system.
- Adaptable living space in attic and basement.
- Floor plan encourages air circulation and availability of natural light.

STATUS: Construction and demonstration completed.

ECHO HAVEN
ECHO-LOGIC LAND CORPORATION
Calgary, Alberta



Image Credit: Patrick Fraser

- New, one-storey with basement 225.3 m² (2,425 sq. ft.) single-detached home.
- Site sensitive building orientation and design optimizes solar exposure.
- On-site solar thermal heating system and 5.3 kW photovoltaic (PV) array, 25 kW community PV array.
- 100% storm water retention on-site, rainwater harvesting for irrigation, toilet flushing, and clothes washing.
- The community development will be herbicide-free, with no chemical insecticides or disease controls, and no chemical fertilizers, thereby minimizing pollutants in the environment or ground water.

STATUS: Under construction.

GREEN DREAM HOME
CANADIAN HOME BUILDERS ASSOCIATION CENTRAL INTERIOR AND THOMPSON RIVERS UNIVERSITY
Kamloops, British Columbia



Photo Credit: CMHC

- New two storey single-detached 218 m² (2,300 sq. ft.) home, attached garage.
- Predicted near net zero annual energy consumption.
- Passive solar heating, grid-tied photovoltaic panels, solar hot water heating system and a ground source heat pump system.
- Design and construction work involves Thompson Rivers University architectural, engineering technology, horticulture and trades students.
- Drought resistant native plants and / or edible plants.
- Will be sold to the local YMCA/YWCA for its Dream Home Lottery fund raiser.

STATUS: Construction completed. Demonstration period is underway.

URBAN ECOLOGY
WINNIPEG HOUSING REHABILITATION CORPORATION (WHRC)
Winnipeg, Manitoba



Photo Credit: WHRC

- New side-by-side duplex, with each unit approximately 119.5 m² (1,287 sq. ft.).
- One unit will be the EQuilibrium™ unit, the other built to R-2000 standards.
- Passive solar heating, grid-connected photovoltaic system, solar hot water system for space and domestic hot water heat.
- Highly energy-efficient building envelope.
- Drainwater heat recovery system to reduce domestic hot water energy requirements.
- Targeted toward low- to moderate- income families.

STATUS: Under construction.

The following are just a few of the awards and accolades received to date recognizing the exceptional projects of the CMHC EQuilibrium™ Housing Initiative.

Project	Award or Certification
Abondance Montréal: le Soleil (Quebec)	NetZero Energy Home Coalition: "Closest to Net-Zero Energy" Production Builder of the Year Award 2009 Grands Prix du génie-conseil québécois : Soirée des Léonards dans la Catégorie Bâtiment Mécanique – Électrique 2010
Alstonvale Net Zero House (Quebec)	Énergie Solaire Québec : souper solaire award 2009
ÉcoTerra™ (Quebec)	Qualité Habitation Gala: Housing Research and Development Award 2008 Lauréat Trophées Contech: Award for Innovation 2007
Inspiration – The Minto ecohome (Ontario)	Ontario Home Builders' Association: Green Builder of the Year Award 2008 LEED Home of the Year at the 2009 Housing Design Awards from the Greater Ottawa Home Builders
Now House™ (Ontario)	City of Toronto's Green Toronto Awards: Green Design Award 2009 NetZero Energy Home Coalition: "Closest to Net-Zero Energy" Retrofit Project of the Year Award 2009 Zerofootprint Re-Skinning award in 'small residential' category 2010
Riverdale NetZero Project (Alberta)	NetZero Energy Home Coalition: "Closest to Net-Zero Energy" Custom Builder of the Year Award 2009
Laebon CHESS Project (Alberta)	Canadian Home Builders' Association Central Alberta: Green Vision Award 2009
Avalon Discovery III (Alberta)	Alberta Emerald Foundation Finalist 2008 Canadian Home Builders' Association Central Alberta: Green Builder of the Year Award 2009 LEED Platinum Certification R-2000 Certification Built Green Certification

Overview of the EQUilibrium™ Communities Initiative

The EQUilibrium™ Communities Initiative is a partnership between CMHC and Natural Resources Canada aimed at accelerating the pace of sustainable community development in Canada. The Initiative brings together the expertise and financial resources of the two organizations to support developers who are exploring alternatives to conventional community development.

The EQUilibrium™ Communities Initiative is a three-year, \$4.2 million program. Jointly managed and funded by CMHC and Natural Resource Canada's CanmetENERGY Research and Development Energy Technology Centre under the Government of Canada's ecoACTION umbrella, the Initiative incorporates lessons learned from previous initiatives in energy efficiency, sustainable community planning, water efficiency and other sustainability practices. It builds upon CMHC's EQUilibrium™ Sustainable Housing Demonstration Initiative.

The overall goal of the EQUilibrium™ Communities Initiative is to accelerate the adoption of sustainable approaches to neighbourhood design. The initiative includes the following:

- Providing funding and support to developers of selected projects that incorporate design features contributing to sustainable community development;
- Demonstrating the value of working at the neighbourhood scale to take advantage of opportunities to integrate systems; and
- Measuring, showcasing and sharing the results of the supported projects.

The EQUilibrium™ Communities Initiative is providing funding and technical support to six projects. The initiative is showcasing projects that are designed

to achieve high environmental and energy performance levels and that are financially viable and affordable. The emphasis is directed at innovation in planning and design. Up to \$550,000 is being provided for each selected project, along with technical and promotional support from CMHC and CanmetENERGY. The funds are being used for research and analysis aimed at design modifications to improve project performance, and/or for commissioning, monitoring and showcasing the projects. Capital funding for construction, materials or equipment is not provided by the initiative.

The initiative is designed to support development options that are most viable at the community scale. Working at that scale, with multiple buildings and land uses, provides opportunities to integrate systems such as energy and water, and to capitalize on renewable and waste energy for use in community energy systems. The initiative supports developers enhancing the performance of their projects by integrating decisions about house design and land use with decisions related to energy use, water use and other municipal systems including transportation. Planning developments on a neighbourhood scale allows for a focus on pedestrian-friendly design features that make transportation alternatives such as walking, cycling and public transit viable options, replacing the need for frequent vehicle use. This broader, neighbourhood perspective can help ensure housing projects contribute to municipal goals of sustainable community development.

The initiative themes and indicators

The initiative is structured around six interrelated themes that address primarily environmental performance, but also socio-cultural and economic factors. More specifically, the themes focus on those aspects most directly impacted by urban form and those that can be measured.

Eighteen indicators measure performance across those themes, and while they are highly integrated, they are captured below in the theme on which they have the most impact:

1. **Energy:** an energy-efficient community that balances energy supply and use to minimize greenhouse gas emissions. While it is not a requirement that all buildings in an EQuilibrium™ Community project be net-zero energy, significant improvements in building performance are expected.

Performance indicators: energy consumption in buildings; and use of renewable and waste energy sources.

2. **Land Use and Housing:** a compact community with a balanced mix of activities, housing choices, and commercial, institutional, recreational and industrial land uses.

Performance indicators: land-use diversity; housing affordability; proximity to daily destinations such as grocery stores, to civic amenities such as schools, and to jobs; access to locally produced food; and agricultural land maintained.

3. **Transportation:** a community that reduces fossil fuel use from personal vehicle travel and provides opportunities for energy-efficient and healthy alternatives to personal vehicle use.

Performance indicators: transit-supportive density; transit proximity and quality; and pedestrian route connectivity and safety.

4. **Water, Wastewater and Stormwater:** a community that minimizes the use and disposal of water and the negative impacts on watersheds.

Performance indicators: on-site stormwater infiltration; and reduction of potable water use.

5. **Natural Environment:** An EQuilibrium™ Community is a community that protects and enhances/restores the natural environment.

Performance indicators: tree canopy intensity; public open space proximity and quality; natural habitat protected, enhanced and created; and watershed protection.

6. **Financial Viability:** a marketable community that, through its design, operation, integration and financing, is economically viable over the long term.

Performance indicators: evaluation criteria included innovative financing, marketability and long-term operational viability.

The funded work

The activities which the initiative is funding for each project will vary depending on the stage of design and construction.

For projects in the planning and design phase, most of the funding will be for enhancing performance through activities such as research and technical analysis aimed at design modifications. It includes the incremental costs of implementing the improvements, including design costs. Projects in the planning and design phase are also receiving funding for visioning and alignment activities, such as design charrettes and consultation with approval authorities.

For completed projects and those with buildings that are expected to be built and occupied within the initiative time frame, funding will also be provided for commissioning, monitoring and showcasing the projects. Showcasing includes activities such as guided site tours, preparation of virtual tours and other information materials. The purpose is to share effective approaches and results with interested audiences. Teams will measure and report performance results achieved in their project.

All activities funded by the initiative, including monitoring, will be completed by the end of 2012. Details and results will be documented and published, allowing other developers and communities to benefit from these experiences.

The selection process

A Request for Submissions for the initiative was issued in June 2009 and proponents were given three months to prepare their submissions. The proposal call was open to private, public and non-profit sector developers. The final project selection was made by an independent selection committee.

The proponents were asked to provide evidence of their readiness to proceed with the project. Proponents were required to verify they had control of their site, that the project complied with municipal growth policies and plans and that they had the financial ability to execute the project.

Another key criterion was that it had to be a neighbourhood scale development, that is a multi-building, multi-use project. Single-use projects were potentially eligible if they were situated in a multi-use context, for example, a residential project adjacent to a retail/employment node. At least 50 per cent of the built or renovated square footage had to be residential.

In their submissions, proponents were asked to do the following:

- Describe the targeted performance levels for each of the eighteen indicators (see above) which they expected their project would achieve with support from the Initiative. This was a key aspect of the review and evaluation, along with their integration of project features across the themes and indicators.
- Describe how they planned to use the funding from the initiative, if their proposal was selected. Recognizing the complexity of development projects of this scale, and particularly those that innovate beyond standard practice, the eligible work activities and funding levels were intentionally designed to be flexible to meet project needs, rather than rigid program requirements.
- Provide detailed work plans describing the research, analysis, design work and monitoring they planned to undertake, along with the budget and timeline for work funded under the initiative.
- Provide information on the proposed activities and resources needed for each activity, along with the qualifications and experience of project team members.

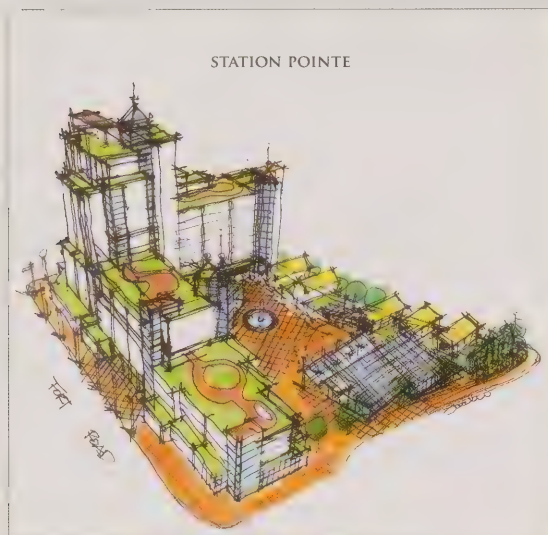
For submissions that focussed on making performance improvements, the project's baseline performance was also requested; i.e., what would be achieved without initiative funding. Comparison of the baseline against monitored or modelled performance over the initiative time frame, will indicate how the initiative helped to improve performance in the funded projects.

EQUilibrium™ Communities Initiative - Project descriptions

Descriptions of projects announced as of late September 2010 follow. See www.cmhc.ca/en/inpr/su/eqsucoin/ for updated information.

Station Pointe, Edmonton (The Communitas Group Ltd.)

This transit-oriented development is to be the first redevelopment within the Fort Road community renewal project initiated by the City of Edmonton on former industrial lands northeast of downtown. The site is located within walking distance of a light rail transit station and bus terminal. The project is planned to include 220 affordable and market-priced homes in the form of townhomes, and mid- and high-rise apartments. The mix of uses is expected to include over 1,400 m² of commercial/retail uses, a daycare and community facilities.



Credit: Hartwig Architects Inc.

Affordability is a guiding objective in this project, targeting prices below the area average. A green loan is proposed to cover the increased capital costs of energy-saving features and be paid back through a monthly green fee equal to the operating savings realized. Communitas has had success with this approach in another high-efficiency multi-residential building in Edmonton. Station Pointe is planned to be developed as a number of cooperatives, including both home ownership and continuing, as well as a second tier cooperative. Because the co-ops are to function as a neighbourhood association and take responsibility for the common property and systems, the long-term viability of the community features is ensured.

The project targets a 75 per cent reduction in building energy use. Through initiative support, Communitas is exploring options for renewable and waste energy sources in a district energy system as well as passive house designs.

Initiative support is also being used for investigating options for treating 100 per cent of the wastewater on-site which will then be re-used for toilet flushing and irrigation. The project aims to divert 100 per cent of the stormwater from the municipal sewer, through a combination of on-site infiltration and capture for treatment and use on-site.

As the most northern of the six EQuilibrium™ Communities projects, it plans to embrace indoor and outdoor “winter city” design concepts such as maximizing solar exposure, options for pedestrian movement through all buildings, prevailing wind protection, and design for snow storage and removal.

Since the project is in the planning phase, the initiative-funded work focuses on consultation/alignment, analysis and design for performance improvements. This includes consultation with approval authorities on the proposed water re-use options and alignment with the community and future residents. Analysis and design improvements are in areas that include: renewable and waste energy use at the neighbourhood scale; green financing options; and options for on-site collection, treatment and use of rainwater and wastewater.



Credit: Hartwig Architects Inc.

Key Housing Statistics

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TABLE 1
Housing Market Indicators, Canada, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Construction										
Starts, total	151,653	162,733	205,034	218,426	233,431	225,481	227,395	228,343	211,056	149,081
Starts, single	92,184	96,026	125,374	123,227	129,171	120,463	121,313	118,917	93,202	75,659
Starts, multiple	59,469	66,707	79,660	95,199	104,260	105,018	106,082	109,426	117,854	73,422
Semi-detached	11,530	11,883	13,584	13,644	14,297	13,477	14,358	14,432	12,651	11,114
Row	15,247	15,166	18,482	20,343	22,067	22,134	20,963	23,281	20,868	13,908
Apartment	32,692	39,658	47,594	61,212	67,896	69,407	70,761	71,713	84,335	48,400
Starts by Intended Market: ¹ Total	131,052	142,280	179,124	191,911	204,389	193,471	195,024	193,744	187,368	130,369
Homeownership - Freehold	92,283	95,125	123,106	121,890	124,678	114,008	113,743	112,730	94,871	78,617
Rental	10,155	14,681	18,841	19,939	20,343	17,210	18,518	18,605	18,265	16,237
Homeownership - Condominium	28,319	31,986	36,798	49,212	58,852	60,251	61,817	61,595	73,574	34,382
Other (Co-op and Unknown)	295	488	379	870	516	2,002	946	814	658	1,133
Completions, total	145,873	151,936	185,626	199,244	215,621	211,242	215,947	208,889	214,137	176,441
Resale Market										
MLS [®] sales (units) ²	334,375	381,484	418,948	434,310	459,762	483,663	483,129	521,051	431,823	465,251
MLS [®] sales/new listings (per cent) ²	55.9	62.7	70.7	66.5	63.8	64.3	60.7	61.8	47.5	58.6
Available Supply										
Newly completed and unabsorbed homes ³	13,587	10,509	10,251	11,392	14,392	13,654	15,430	15,673	19,801	18,547
Single and semi-detached	6,319	5,291	4,755	5,092	5,797	5,064	5,820	6,319	8,581	5,537
Row and apartment	7,268	5,218	5,496	6,300	8,595	8,590	9,610	9,354	11,220	13,010
Rental vacancy rate (per cent) ^{1,4}	2.2	1.7	2.1	2.6	2.9	2.8	2.7	2.6	2.3	3.0
Availability rate (per cent) ⁴	NA	NA	NA	NA	3.9	4.0	3.7	3.7	3.3	4.2
Housing Costs										
MLS [®] average price (\$) ²	163,992	171,743	188,871	207,321	226,561	249,187	277,207	307,094	304,971	320,333
New Housing Price Index (per cent change) ⁶	2.2	2.7	4.1	4.8	5.5	5.0	9.7	7.7	3.4	-2.3
Consumer Price Index (per cent change) ⁶	2.7	2.5	2.3	2.8	1.9	2.2	2.0	2.1	2.4	0.3
Construction materials cost index (per cent change)	-0.5	0.4	1.9	1.3	6.7	0.0	1.0	0.1	1.1	1.3
Construction wage rate index (per cent change) ⁶	3.8	2.2	1.0	2.4	1.4	1.8	4.0	5.1	1.5	3.9
Owned accommodation costs (per cent change) ⁵	2.6	2.8	1.7	3.0	2.8	3.1	4.1	4.9	4.5	1.1
Rental accommodation costs (per cent change) ⁶	1.1	1.6	2.0	1.5	1.0	0.8	1.0	1.5	1.7	1.5
Average rent (\$) ⁴										
Bachelor	469	490	504	516	523	529	547	563	582	594
One-bedroom	582	607	627	638	646	659	676	699	726	736
Two-bedroom	648	672	694	704	720	732	755	772	804	812
3+ bedroom	720	752	775	788	807	816	853	863	884	888
Demand Influences										
Population on July 1 (thousands) ⁵	30,686	31,019	31,354	31,640	31,941	32,245	32,576	32,932	33,327	33,740
Labour force participation rate (per cent) ⁵	65.8	65.9	66.9	67.5	67.5	67.2	67.2	67.6	67.8	67.3
Employment (per cent change) ⁵	2.5	1.2	2.4	2.4	1.8	1.4	1.9	2.3	1.5	-1.6
Unemployment rate (per cent) ⁵	6.8	7.2	7.7	7.6	7.2	6.8	6.3	6.0	6.1	8.3
Real disposable income (per cent change) ⁶	5.0	2.8	1.7	2.2	3.9	2.7	5.9	4.0	3.7	1.2
1-year mortgage rate (per cent)	7.85	6.14	5.17	4.84	4.59	5.06	6.28	6.90	6.70	4.02
3-year mortgage rate (per cent)	8.17	6.88	6.28	5.82	5.65	5.59	6.45	7.09	6.87	4.57
5-year mortgage rate (per cent)	8.35	7.40	7.02	6.39	6.23	5.99	6.66	7.07	7.06	5.63
Net migration ¹	174,769	236,700	248,024	200,443	213,178	216,216	228,666	228,138	262,852	277,682
Housing in GDP (\$ millions)⁵										
Rent imputed to owners	82,586	86,014	90,313	94,459	99,112	103,784	109,824	117,267	124,573	130,683
Rent paid by tenants	29,059	30,092	31,491	32,829	34,133	35,435	37,137	39,263	41,381	43,237
Total housing-related spending in GDP ⁶	184,460	196,585	213,241	228,484	245,794	260,692	277,886	299,346	310,115	306,516
Total consumption-related spending (including repairs)	135,618	141,225	147,315	155,449	162,461	170,611	178,998	190,218	202,000	207,516
Total residential investment	48,842	55,360	65,926	73,035	83,333	90,081	98,888	109,128	108,115	99,000
New construction (including acquisition costs)	23,676	25,931	33,242	37,045	42,541	44,199	48,057	52,100	52,628	40,518
Alterations and improvements	17,549	20,632	22,089	24,209	27,100	30,271	33,692	37,567	39,183	40,279
Transfer costs	7,617	8,797	10,595	11,781	13,692	15,611	17,139	19,461	16,304	18,203

¹ Housing units in centres 10,000+.

² MLS[®] is a registered trademark of the Canadian Real Estate Association.

³ Housing units in centres 50,000+ for which construction has been completed but which have not been rented or sold.

⁴ In privately initiated apartment structures with at least 3 units.

⁵ Statistics Canada (CANSIM)

⁶ CMHC, adapted from Statistics Canada (CANSIM).

Source: CMHC (Starts and Completions Survey, Market Absorption Survey, Rental Market Survey); CREA (MLS[®]); Bank of Canada (mortgage rates); Statistics Canada (CANSIM and custom tabulation of construction materials cost index)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 2
**Total Housing Starts, Canada, Provinces and Metropolitan Areas,
 2000-2009 (units)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	151,653	162,733	205,034	218,426	233,431	225,481	227,395	228,343	211,056	149,081
Provinces										
Newfoundland and Labrador	1,459	1,788	2,419	2,692	2,870	2,498	2,234	2,649	3,261	3,057
Prince Edward Island	710	675	775	814	919	862	738	750	712	877
Nova Scotia	4,432	4,092	4,970	5,096	4,717	4,775	4,896	4,750	3,982	3,438
New Brunswick	3,079	3,462	3,862	4,489	3,947	3,959	4,085	4,242	4,274	3,521
Quebec	24,695	27,682	42,452	50,289	58,448	50,910	47,877	48,553	47,901	43,403
Ontario	71,521	73,282	83,597	85,180	85,114	78,795	73,417	68,123	75,076	50,370
Manitoba	2,560	2,963	3,617	4,206	4,440	4,731	5,028	5,738	5,537	4,174
Saskatchewan	2,513	2,381	2,963	3,315	3,781	3,437	3,715	6,007	6,828	3,866
Alberta	26,266	29,174	38,754	36,171	36,270	40,847	48,962	48,336	29,164	20,298
British Columbia	14,418	17,234	21,625	26,174	32,925	34,667	36,443	39,195	34,321	16,077
Metropolitan Areas										
St. John's	935	1,029	1,350	1,604	1,834	1,534	1,275	1,480	1,863	1,703
Halifax	2,661	2,340	3,310	3,066	2,627	2,451	2,511	2,489	2,096	1,733
Moncton	906	938	1,550	1,435	1,151	1,191	1,416	1,425	1,359	973
Saint John	346	374	397	580	516	501	565	687	832	659
Saguenay	296	336	596	435	347	464	485	685	869	584
Québec	2,275	2,555	4,282	5,599	6,186	5,835	5,176	5,284	5,457	5,513
Sherbrooke	515	589	857	1,070	1,355	1,076	1,305	1,318	1,627	1,580
Trois-Rivières	337	324	619	635	874	919	1,017	1,197	1,148	1,027
Montréal	12,766	13,300	20,554	24,321	28,673	25,317	22,813	23,233	21,927	19,251
Gatineau	1,224	1,659	2,553	2,801	3,227	2,123	2,933	2,788	3,304	3,116
Ottawa	5,786	6,251	7,796	6,381	7,243	4,982	5,875	6,506	6,998	5,814
Kingston	659	707	810	1,131	872	683	968	880	672	717
Peterborough	292	294	423	547	514	619	437	540	428	371
Oshawa	2,874	2,561	3,490	3,907	3,153	2,934	2,995	2,389	1,987	980
Toronto	38,982	41,017	43,805	45,475	42,115	41,596	37,080	33,293	42,212	25,949
Hamilton	3,108	3,365	3,803	3,260	4,093	3,145	3,043	3,004	3,529	1,860
St. Catharines - Niagara	1,230	1,134	1,317	1,444	1,781	1,412	1,294	1,149	1,138	859
Kitchener	3,509	3,537	4,130	3,955	3,912	3,763	2,599	2,740	2,634	2,298
Brantford	485	475	700	458	482	534	409	589	432	317
Guelph	1,297	993	1,138	994	1,420	951	864	941	1,087	567
London	1,713	1,607	2,604	3,027	3,078	3,067	3,674	3,141	2,385	2,168
Windsor	2,382	2,157	2,490	2,237	2,287	1,496	1,045	614	453	391
Barrie	2,043	2,445	2,739	2,368	2,435	1,484	1,169	980	1,416	427
Greater Sudbury	173	191	298	306	388	400	477	587	543	450
Thunder Bay	154	211	197	211	287	227	165	249	167	180
Winnipeg	1,317	1,473	1,821	2,430	2,489	2,586	2,777	3,371	3,009	2,033
Regina	615	626	651	889	1,242	888	986	1,398	1,375	930
Saskatoon	968	900	1,489	1,455	1,578	1,062	1,496	2,380	2,319	1,428
Calgary	11,093	11,349	14,339	13,642	14,008	13,667	17,046	13,505	11,438	6,318
Edmonton	6,228	7,855	12,581	12,380	11,488	13,294	14,970	14,888	6,615	6,317
Kelowna	928	1,103	1,591	2,137	2,224	2,755	2,692	2,805	2,257	657
Abbotsford	405	418	1,038	1,056	1,083	1,012	1,207	1,088	1,285	365
Vancouver	8,203	10,862	13,197	15,626	19,430	18,914	18,705	20,736	19,591	8,339
Victoria	872	1,264	1,344	2,008	2,363	2,058	2,739	2,579	1,905	1,034

Source: CMHC (Starts and Completions Survey)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 3
Total Residential Sales, Canada, Provinces and Metropolitan Areas,
2000-2009 (units)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	334,375	381,484	418,948	434,310	459,762	483,663	483,129	521,051	431,823	465,251
Provinces										
Newfoundland and Labrador	2,593	2,808	3,014	3,238	3,265	3,211	3,537	4,471	4,695	4,416
Prince Edward Island	1,206	1,234	1,306	1,404	1,500	1,449	1,492	1,769	1,413	1,404
Nova Scotia	8,577	9,441	10,243	9,221	8,887	10,948	10,697	11,857	10,869	10,021
New Brunswick	4,524	4,779	5,089	5,489	5,979	6,836	7,125	8,161	7,555	7,003
Quebec	54,160	62,351	67,867	66,370	68,268	70,385	71,622	80,649	76,762	79,290
Ontario	147,158	162,318	178,058	184,457	197,353	197,140	194,930	213,379	181,001	195,840
Manitoba	10,612	11,440	11,108	11,523	12,098	12,761	13,018	13,928	13,525	13,086
Saskatchewan	7,552	7,971	7,933	7,698	8,172	8,312	9,140	12,054	10,194	10,856
Alberta	43,311	48,989	51,042	51,334	57,460	65,866	74,350	71,430	56,399	57,786
British Columbia	54,179	69,554	82,737	93,095	96,385	106,310	96,671	102,805	68,923	85,028
Metropolitan Areas										
St. John's	2,593	2,808	3,014	3,238	3,265	3,211	3,537	4,471	4,695	4,416
Halifax	5,610	6,212	6,687	5,813	5,516	6,698	6,462	7,261	6,472	6,062
Moncton	1,491	1,666	1,763	1,861	2,028	2,341	2,561	2,849	2,663	2,386
Saint John	1,484	1,510	1,505	1,636	1,612	1,901	1,852	2,253	2,166	1,986
Saguenay	NA	NA	1,240	1,312	1,344	1,546	1,585	1,603	1,488	1,472
Québec	NA	NA	7,714	6,811	6,778	7,525	7,490	7,955	7,838	7,964
Sherbrooke	NA	NA	1,840	1,801	1,806	1,856	1,796	1,905	1,771	1,802
Trois-Rivières	NA	NA	1,004	916	953	886	995	1,030	1,011	1,035
Montréal	NA	NA	38,688	37,523	38,319	39,111	39,141	43,667	40,441	41,764
Gatineau	NA	NA	4,059	4,136	4,103	4,125	4,282	4,603	4,193	4,335
Ottawa	12,692	12,240	12,894	12,877	13,457	13,300	14,003	14,739	13,908	14,923
Kingston	2,838	3,274	3,646	3,651	3,764	3,464	3,517	3,725	3,473	3,377
Peterborough	2,521	2,691	2,873	2,851	2,980	2,847	2,714	2,880	2,506	2,458
Oshawa	7,282	8,085	8,520	9,025	9,816	9,232	9,354	10,217	8,797	9,328
Toronto	58,349	67,612	74,759	79,366	84,854	85,672	84,842	95,164	76,387	89,255
Hamilton	10,347	11,334	12,482	12,807	13,176	13,565	13,059	13,866	12,110	12,680
St. Catharines - Niagara	5,207	5,488	5,951	6,174	6,722	6,698	6,410	6,668	5,896	5,808
Kitchener	4,569	4,816	5,253	5,310	5,931	6,147	6,115	7,031	6,269	6,580
Brantford	1,730	1,887	2,044	1,986	2,281	2,204	2,139	2,305	2,097	1,884
Guelph	2,170	2,430	2,656	2,768	2,918	2,932	2,859	3,088	2,794	2,878
London	6,616	7,503	8,290	8,412	9,238	9,133	9,234	9,686	8,620	8,314
Windsor	4,616	4,741	4,938	5,381	5,832	5,661	5,047	4,987	4,546	4,661
Barrie	3,318	3,594	4,063	4,311	4,657	4,675	4,397	5,017	4,058	4,326
Greater Sudbury	1,825	1,937	2,031	2,191	2,500	2,726	2,762	2,754	2,396	1,977
Thunder Bay	1,279	1,354	1,599	1,662	1,447	1,358	1,750	1,902	1,973	2,041
Winnipeg	9,465	10,215	9,881	10,201	10,797	11,415	11,594	12,319	11,854	11,509
Regina	2,612	2,792	2,817	2,640	2,785	2,730	2,953	3,957	3,338	3,704
Saskatoon	2,758	2,987	2,941	2,848	2,999	3,246	3,430	4,446	3,540	3,834
Calgary	19,828	22,512	24,706	24,359	26,511	31,569	33,027	32,176	23,136	24,880
Edmonton	14,189	16,079	15,923	16,277	17,652	18,634	21,984	20,427	17,369	19,139
Kelowna	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Abbotsford	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	21,244	28,732	34,909	39,022	37,972	42,222	36,479	38,978	25,149	36,257
Victoria	4,863	6,410	7,069	7,581	7,685	7,970	7,500	8,403	6,171	7,660

The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFREB by Centris®

TABLE 4
Average Residential Price, Canada,
Provinces and Metropolitan Areas, 2000-2009 (dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	163,992	171,743	188,871	207,321	226,561	249,187	277,207	307,094	304,971	320,333
Provinces										
Newfoundland and Labrador	99,525	104,376	113,081	119,822	131,499	141,167	139,542	149,258	178,477	206,374
Prince Edward Island	82,884	87,696	94,964	101,745	110,815	117,238	125,430	133,457	139,944	146,044
Nova Scotia	109,839	115,485	126,669	136,292	146,033	159,221	168,614	180,989	189,932	196,690
New Brunswick	91,624	95,947	100,129	105,858	112,933	120,641	126,864	136,603	145,762	154,906
Quebec	111,296	115,820	128,630	149,600	169,470	183,417	195,383	209,468	220,092	230,245
Ontario	183,841	193,357	210,901	226,824	245,230	262,949	278,364	299,544	302,354	318,366
Manitoba	87,884	93,192	96,531	106,788	119,245	133,854	150,229	169,189	190,296	201,343
Saskatchewan	94,047	98,310	101,297	104,995	110,824	122,765	132,078	174,405	224,592	233,695
Alberta	146,258	153,737	170,253	182,845	194,769	218,266	285,383	356,235	352,857	341,201
British Columbia	221,371	222,822	238,877	259,968	289,107	332,224	390,963	439,119	454,599	465,725
Metropolitan Areas										
St. John's	99,525	104,376	113,081	119,822	131,499	141,167	139,542	149,258	178,477	206,374
Halifax	128,003	134,106	148,737	162,486	175,132	189,196	203,178	216,339	232,106	239,158
Moncton	89,065	92,438	99,942	104,577	113,096	124,088	128,547	140,032	143,173	150,135
Saint John	93,697	97,348	103,544	106,473	116,836	119,718	128,202	140,544	158,117	171,027
Saguenay	NA	NA	87,117	92,461	96,918	105,597	115,426	130,803	144,213	151,911
Québec	NA	NA	107,721	126,292	139,901	152,853	162,764	181,184	197,450	212,198
Sherbrooke	NA	NA	107,823	123,203	141,485	161,253	166,145	183,120	187,669	193,245
Trois-Rivières	NA	NA	83,774	90,498	101,054	111,576	116,523	132,113	138,366	142,048
Montréal	NA	NA	153,292	180,867	206,246	221,279	235,204	251,423	262,616	274,842
Gatineau	NA	NA	118,424	137,931	154,693	165,454	174,199	185,590	193,911	206,005
Ottawa	159,511	175,972	200,711	219,713	238,152	248,358	257,481	273,058	290,483	304,801
Kingston	129,639	132,048	144,413	159,694	175,821	195,757	212,157	222,300	235,047	242,729
Peterborough	129,810	135,099	149,350	169,326	188,624	206,270	213,469	231,596	230,656	236,637
Oshawa	179,241	186,448	204,103	219,341	237,084	252,606	258,362	265,620	272,429	278,505
Toronto	243,249	251,508	275,887	293,308	315,266	336,176	352,388	377,029	379,943	396,154
Hamilton	164,168	172,567	183,442	197,744	215,922	229,753	248,754	268,857	280,790	290,946
St. Catharines - Niagara	129,390	133,715	144,720	154,559	170,452	182,443	194,671	202,314	203,647	209,563
Kitchener	157,317	164,548	177,559	188,905	205,639	220,511	237,913	252,429	271,222	269,552
Brantford	130,433	133,009	143,456	154,805	166,885	182,470	198,716	209,151	218,890	220,369
Guelph	169,287	176,156	190,187	196,844	215,511	236,140	245,676	262,186	267,329	265,799
London	135,857	137,717	142,745	153,637	167,344	178,910	190,521	202,908	212,092	214,510
Windsor	137,453	140,206	149,656	151,524	159,597	163,001	164,123	163,215	159,709	153,691
Barrie	161,545	166,719	182,235	197,843	215,275	232,045	244,394	258,999	264,034	263,959
Greater Sudbury	109,262	107,774	110,826	117,359	122,866	133,938	150,434	182,536	211,614	200,947
Thunder Bay	109,811	110,532	109,930	111,927	112,404	121,183	122,064	123,237	132,470	138,090
Winnipeg	88,553	94,214	98,055	108,812	121,925	137,063	154,607	174,203	196,940	207,341
Regina	94,518	96,943	100,751	104,419	111,869	123,600	131,851	165,613	229,716	244,088
Saskatoon	112,567	116,472	118,999	125,191	132,549	144,787	160,577	232,754	287,803	278,895
Calgary	176,305	182,090	198,350	211,155	222,860	250,832	346,675	414,066	405,267	385,882
Edmonton	124,203	133,441	150,165	165,541	179,610	193,934	250,915	338,636	332,852	320,378
Kelowna	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Abbotsford	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	295,978	285,910	301,473	329,447	373,877	425,745	509,876	570,795	593,767	592,441
Victoria	225,731	225,727	242,503	280,625	325,412	380,897	427,154	466,974	484,898	476,137

The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFREb by Centris®

TABLE 5
**Residential Mortgage Credit by Lending Institutions, Canada,
2000-2009 (billions of dollars)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Chartered Banks	262.1	279.1	306.6	329.5	352.4	378.0	405.6	442.1	469.6	450.9
Trust & Mortgage Loans Co.	6.1	5.2	5.5	6.0	6.7	7.9	7.9	8.5	9.8	10.3
Life Insurance Co. Policy Loans	17.8	17.2	16.8	15.8	15.4	14.7	14.6	14.8	15.3	15.4
Finance Companies, Non-Depository Credit Intermediaries and Other Institutions	28.1	26.8	26.0	26.5	27.5	28.8	31.0	31.5	30.7	28.3
Pension Funds	8.7	9.3	9.0	9.1	9.6	10.6	11.7	13.2	15.3	15.8
NHA Mortgage-backed Securities	30.8	34.6	39.3	49.8	68.5	87.0	109.6	138.1	197.3	281.4
Credit Unions & Caisses Populaires	55.4	58.0	63.3	69.1	76.6	84.6	93.7	102.5	110.4	117.3
Special Purpose Corporations (Securitization)	22.5	18.1	15.0	15.0	14.9	16.5	21.1	24.9	22.7	17.0
Total Outstanding Balances	431.5	448.3	481.6	520.8	571.6	628.1	695.3	775.7	871.1	936.4

Annual estimates have been calculated by averaging monthly residential mortgage credit data and therefore will differ from end-of-year estimates.

Source: CMHC (MBS), Statistics Canada (CANSIM)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 6
**NHA and Conventional Residential Mortgage Loans Approved by Lending Institutions,
New and Existing, by Type of Lender, Canada, 2000-2009 (millions of dollars)¹**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Chartered Banks										
New	10,619.5	13,082.2	17,880.6	18,865.2	20,237.0	21,118.0	20,078.5	19,855.8	19,354.2	23,125.8
Existing	43,597.4	64,504.6	79,646.6	95,498.4	113,957.8	124,718.7	132,516.8	153,182.7	141,488.1	158,100.2
Total	54,216.9	77,586.8	97,527.2	114,363.6	134,194.8	145,836.7	152,595.3	173,038.5	160,842.3	181,226.0
Other Companies										
New	3,017.3	3,523.3	4,840.2	3,840.5	4,773.6	6,005.0	6,230.0	6,280.3	7,064.3	7,964.3
Existing	17,691.0	14,071.5	17,945.1	19,684.4	25,198.6	30,314.8	30,601.8	39,200.0	47,734.2	55,241.2
Total	20,708.3	17,594.8	22,785.3	23,524.9	29,972.2	36,319.8	36,831.8	45,480.3	54,798.5	63,205.5
Total										
New	13,636.8	16,605.5	22,720.8	22,705.7	25,010.6	27,123.0	26,308.5	26,136.1	26,418.5	31,090.1
Existing	61,288.4	78,576.1	97,591.7	115,182.8	139,156.4	155,033.5	163,118.6	192,382.7	189,222.3	213,341.4
Total	74,925.2	95,181.6	120,312.5	137,888.5	164,167.0	182,156.5	189,427.1	218,518.8	215,640.8	244,431.5

¹ Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans.

Source: CMHC (NHA loan approval system and Conventional Lending Survey)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 7

**NHA and Conventional Residential Mortgage Loans Approved by Lending Institutions,
New and Existing, by Type of Lender and Type of Dwelling,
Canada, Provinces and Territories, 2009 (millions of dollars)¹**

	Chartered Banks			Other Companies			Total		
	New	Existing	Total	New	Existing	Total	New	Existing	Total
Canada									
Single-detached	13,771.8	118,665.8	132,437.6	3,720.7	36,746.4	40,467.1	17,492.5	155,412.2	172,904.7
Multiple Dwellings	9,354.0	39,434.5	48,788.5	4,243.6	18,494.8	22,738.4	13,597.6	57,929.3	71,526.9
Total	23,125.8	158,100.3	181,226.1	7,964.3	55,241.2	63,205.5	31,090.1	213,341.5	244,431.6
Newfoundland and Labrador									
Single-detached	355.7	1,964.1	2,319.8	64.4	485.5	549.9	420.1	2,449.6	2,869.7
Multiple Dwellings	24.8	181.3	206.1	8.1	59.0	67.1	32.9	240.3	273.2
Total	380.5	2,145.4	2,525.9	72.5	544.5	617.0	453.0	2,689.9	3,142.9
Prince Edward Island									
Single-detached	48.9	326.1	375.0	3.9	76.3	80.2	52.8	402.4	455.2
Multiple Dwellings	8.6	46.3	54.9	1.9	9.0	10.9	10.5	55.3	65.8
Total	57.5	372.4	429.9	5.8	85.3	91.1	63.3	457.7	521.0
Nova Scotia									
Single-detached	335.4	2,984.9	3,320.3	65.5	969.2	1,034.7	400.9	3,954.1	4,355.0
Multiple Dwellings	184.3	635.3	819.6	66.1	301.2	367.3	250.4	936.5	1,186.9
Total	519.7	3,620.2	4,139.9	131.6	1,270.4	1,402.0	651.3	4,890.6	5,541.9
New Brunswick									
Single-detached	234.3	1,913.0	2,147.3	77.6	885.7	963.3	311.9	2,798.7	3,110.6
Multiple Dwellings	76.4	257.2	333.6	33.7	136.0	169.7	110.1	393.2	503.3
Total	310.7	2,170.2	2,480.9	111.3	1,021.7	1,133.0	422.0	3,191.9	3,613.9
Quebec									
Single-detached	1,368.1	13,537.2	14,905.3	824.6	6,242.6	7,067.2	2,192.7	19,779.8	21,972.5
Multiple Dwellings	1,337.0	7,673.1	9,010.1	1,131.4	4,388.7	5,520.1	2,468.4	12,061.8	14,530.2
Total	2,705.1	21,210.3	23,915.4	1,956.0	10,631.3	12,587.3	4,661.1	31,841.6	36,502.7
Ontario									
Single-detached	4,867.3	53,659.5	58,526.8	972.3	13,444.3	14,416.6	5,839.6	67,103.8	72,943.4
Multiple Dwellings	3,556.8	16,720.4	20,277.2	1,192.0	6,703.7	7,895.7	4,748.8	23,424.1	28,172.9
Total	8,424.1	70,379.9	78,804.0	2,164.3	20,148.0	22,312.3	10,588.4	90,527.9	101,116.3
Manitoba									
Single-detached	409.3	3,084.6	3,493.9	105.7	1,539.7	1,645.4	515.0	4,624.3	5,139.3
Multiple Dwellings	90.3	306.2	396.5	20.8	180.5	201.3	111.1	486.7	597.8
Total	499.6	3,390.8	3,890.4	126.5	1,720.2	1,846.7	626.1	5,111.0	5,737.1
Saskatchewan									
Single-detached	499.5	3,144.4	3,643.9	134.5	1,267.1	1,401.6	634.0	4,411.5	5,045.5
Multiple Dwellings	113.9	382.3	496.2	37.7	172.5	210.2	151.6	554.8	706.4
Total	613.4	3,526.7	4,140.1	172.2	1,439.6	1,611.8	785.6	4,966.3	5,751.9
Alberta									
Single-detached	3,623.5	16,768.9	20,392.4	1,078.0	6,306.3	7,384.3	4,701.5	23,075.2	27,776.7
Multiple Dwellings	1,350.2	4,444.9	5,795.1	803.2	2,883.2	3,686.4	2,153.4	7,328.1	9,481.5
Total	4,973.7	21,213.8	26,187.5	1,881.2	9,189.5	11,070.7	6,854.9	30,403.3	37,258.2
British Columbia									
Single-detached	1,995.4	20,957.9	22,953.3	392.8	5,507.3	5,900.1	2,388.2	26,465.2	28,853.4
Multiple Dwellings	2,595.6	8,657.1	11,252.7	945.9	3,649.5	4,595.4	3,541.5	12,306.6	15,848.1
Total	4,591.0	29,615.0	34,206.0	1,338.7	9,156.8	10,495.5	5,929.7	38,771.8	44,701.5
Yukon, N.W.T. and Nunavut									
Single-detached	34.3	325.3	359.6	1.2	22.4	23.6	35.5	347.7	383.2
Multiple Dwellings	16.1	130.3	146.4	2.8	11.5	14.3	18.9	141.8	160.7
Total	50.4	455.6	506.0	4.0	33.9	37.9	54.4	489.5	543.9

¹ Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans.

Source: CMHC (NHA loan approval system and Conventional Lending Survey)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 8
**Ownership Rates, Canada, Provinces, Territories and Metropolitan Areas,
 1971-2006 (per cent)¹**

	1971	1976	1981	1986	1991	1996	2001	2006
Canada	60.3	61.8	62.1	62.1	62.6	63.6	65.8	68.4
Provinces and Territories								
Newfoundland and Labrador	80.0	80.6	80.6	80.1	78.6	77.1	78.2	78.7
Prince Edward Island	74.3	76.6	75.7	74.0	73.6	72.1	73.1	74.1
Nova Scotia	71.2	72.4	71.5	71.6	70.6	70.4	70.8	72.0
New Brunswick	69.4	71.8	73.4	74.2	74.1	73.8	74.5	75.5
Quebec	47.4	50.4	53.3	54.7	55.5	56.5	57.9	60.1
Ontario	62.9	63.6	63.3	63.6	63.7	64.3	67.8	71.0
Manitoba	66.1	66.4	65.8	65.5	65.8	66.4	67.8	68.9
Saskatchewan	72.7	75.5	72.9	70.1	69.9	68.8	70.8	71.8
Alberta	63.9	64.8	63.1	61.7	63.9	67.8	70.4	73.1
British Columbia	63.3	65.3	64.4	62.2	63.8	65.2	66.3	69.7
Yukon	50.2	49.3	52.7	55.7	57.6	58.5	63.0	63.8
Northwest Territories ²	24.7	25.0	22.6	27.6	31.5	38.6	53.1	52.8
Nunavut ²	NA	NA	NA	NA	NA	NA	24.2	22.7
Metropolitan Areas								
St. John's	66.6	68.9	69.5	68.3	67.1	67.5	69.5	71.5
Halifax	53.2	55.7	55.6	58.3	58.0	59.9	61.7	64.0
Moncton	64.1	66.1	68.2	69.3	69.5	69.2	68.6	70.1
Saint John	52.0	56.8	59.6	61.6	63.4	65.6	67.4	70.0
Saguenay	55.5	60.3	62.0	61.5	60.9	60.8	62.3	63.3
Québec	43.8	46.6	50.9	52.9	53.6	54.9	55.5	58.6
Sherbrooke	43.9	48.0	49.4	50.1	49.2	50.2	51.9	53.5
Trois-Rivières	50.3	53.0	55.6	55.4	54.5	55.5	57.3	57.6
Montréal	35.5	38.4	41.9	44.7	46.7	48.5	50.2	53.4
Gatineau	58.6	59.7	59.1	59.2	59.8	61.5	62.4	67.5
Ottawa	50.1	50.1	51.4	50.0	54.4	58.2	61.4	66.7
Kingston	55.1	57.7	59.3	59.7	59.4	61.2	63.9	67.4
Peterborough	71.7	71.0	68.6	70.0	68.8	69.4	71.6	72.7
Oshawa	69.0	70.0	68.8	70.2	70.1	71.4	75.6	78.6
Toronto	55.4	56.7	57.3	58.3	57.9	58.4	63.2	67.6
Hamilton	63.9	63.8	63.4	64.6	64.6	65.2	68.3	71.6
St. Catharines - Niagara	72.2	72.9	71.6	72.0	71.4	70.7	73.2	74.6
Kitchener	60.8	60.4	60.8	61.9	61.5	62.4	66.7	69.8
Brantford	69.2	68.1	66.6	66.4	66.1	67.4	66.8	73.7
Guelph	64.5	62.4	61.2	62.5	61.8	62.1	68.4	71.2
London	60.1	59.5	58.0	57.8	57.6	60.0	62.8	65.9
Windsor	70.4	69.9	68.0	67.2	68.4	68.6	71.8	74.3
Barrie	70.0	72.8	71.6	72.4	71.5	71.7	77.3	80.7
Greater Sudbury	57.6	62.2	64.3	64.4	63.8	62.6	65.8	66.9
Thunder Bay	73.6	72.0	69.4	69.0	68.4	69.7	71.9	72.9
Winnipeg	59.6	59.2	59.1	60.8	62.0	63.9	65.5	67.2
Regina	60.9	66.2	65.4	65.7	66.2	66.0	68.2	70.1
Saskatoon	61.3	65.7	61.8	59.9	61.0	61.4	65.0	66.8
Calgary	56.5	59.2	58.4	57.9	60.6	65.5	70.6	74.1
Edmonton	57.1	58.1	57.9	57.1	59.2	64.4	66.3	69.2
Kelowna	70.8	73.0	71.5	67.1	71.1	72.4	73.5	77.3
Abbotsford	74.7	75.5	72.2	70.4	72.6	71.5	71.1	73.5
Vancouver	58.8	59.4	58.5	56.3	57.5	59.4	61.0	65.1
Victoria	61.5	61.2	59.8	59.2	61.1	62.1	63.1	64.7

¹ Ownership rates are computed as owners divided by total of all tenure types. Census Metropolitan Area data for 1971-1986 are based on 1986 CMA boundaries. All other data for Census Metropolitan Areas have not been adjusted for boundary changes.

² In 1996 and prior years, the Northwest Territories included Nunavut.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 9
**Rental Vacancy Rate, Canada, Provinces and Metropolitan Areas,
 2000-2009 (per cent)¹**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	2.2	1.7	2.1	2.6	2.9	2.8	2.7	2.6	2.3	3.0
Provinces										
Newfoundland and Labrador	5.7	3.2	3.0	3.3	4.1	4.6	4.1	2.1	1.1	1.0
Prince Edward Island	3.3	2.7	2.8	3.7	4.2	4.4	5.3	4.1	2.6	3.1
Nova Scotia	4.2	3.3	3.0	2.6	3.0	3.4	3.3	3.2	3.5	3.1
New Brunswick	3.1	4.1	4.2	4.3	5.3	5.0	6.0	5.3	3.6	3.8
Quebec	2.2	1.3	1.2	1.3	1.7	2.0	2.5	2.6	2.2	2.4
Ontario	1.6	1.7	2.7	3.5	4.1	3.8	3.4	3.3	2.7	3.5
Manitoba	2.2	1.4	1.4	1.6	1.4	1.9	1.6	1.5	0.9	1.1
Saskatchewan	2.2	3.5	3.9	4.1	5.3	4.5	3.3	1.2	1.2	1.5
Alberta	1.3	1.1	2.3	3.7	4.6	3.1	0.9	1.6	2.5	5.6
British Columbia	3.6	2.6	3.1	3.1	2.4	1.9	1.2	1.0	1.0	2.8
Metropolitan Areas										
St. John's	3.8	2.5	2.7	2.0	3.1	4.5	5.1	2.6	0.8	0.9
Halifax	3.6	2.8	2.7	2.3	2.9	3.3	3.2	3.1	3.4	2.9
Moncton	1.7	1.6	2.3	2.9	5.0	4.7	5.6	4.3	2.4	3.8
Saint John	3.4	5.6	6.3	5.2	5.8	5.7	6.8	5.2	3.1	3.6
Saguenay	4.4	4.4	4.9	5.2	5.3	4.5	4.1	2.8	1.6	1.5
Québec	1.6	0.8	0.3	0.5	1.1	1.4	1.5	1.2	0.6	0.6
Sherbrooke	4.7	2.3	1.8	0.7	0.9	1.2	1.2	2.4	2.8	3.9
Trois-Rivières	6.8	4.7	3.0	1.5	1.2	1.5	1.0	1.5	1.7	2.7
Montréal	1.5	0.6	0.7	1.0	1.5	2.0	2.7	2.9	2.4	2.5
Gatineau	1.4	0.6	0.5	1.2	2.1	3.1	4.2	2.9	1.9	2.2
Ottawa	0.2	0.8	1.9	2.9	3.9	3.3	2.3	2.3	1.4	1.5
Kingston	1.8	1.5	0.9	1.9	2.4	2.4	2.1	3.2	1.3	1.3
Peterborough	3.2	3.7	2.6	1.4	1.7	2.8	2.8	2.8	2.4	6.0
Oshawa	1.7	1.3	2.3	2.9	3.4	3.3	4.1	3.7	4.2	4.2
Toronto	0.6	0.9	2.5	3.8	4.3	3.7	3.2	3.2	2.0	3.1
Hamilton	1.7	1.3	1.6	3.0	3.4	4.3	4.3	3.5	3.2	4.0
St. Catharines - Niagara	2.6	1.9	2.4	2.7	2.6	2.7	4.3	4.0	4.3	4.4
Kitchener	0.7	0.9	2.3	3.2	3.5	3.3	3.3	2.7	1.8	3.3
Brantford	2.9	1.8	2.1	3.2	1.7	1.8	2.3	2.9	2.4	3.3
Guelph	0.7	1.0	2.7	3.9	3.3	3.6	2.8	1.9	2.3	4.1
London	2.2	1.6	2.0	2.1	3.7	4.2	3.6	3.6	3.9	5.0
Windsor	1.9	2.9	3.9	4.3	8.8	10.3	10.4	12.8	14.6	13.0
Barrie	0.5	0.9	1.4	3.3	3.0	2.1	2.8	3.2	3.5	3.8
Greater Sudbury	7.7	5.7	5.1	3.6	2.6	1.6	1.2	0.6	0.7	2.9
Thunder Bay	5.8	5.8	4.7	3.3	5.0	4.6	4.9	3.8	2.2	2.3
Winnipeg	2.0	1.4	1.2	1.3	1.1	1.7	1.3	1.5	1.0	1.1
Regina	1.4	2.1	1.9	2.1	2.7	3.2	3.3	1.7	0.5	0.6
Saskatoon	1.7	2.9	3.7	4.5	6.3	4.6	3.2	0.6	1.9	1.9
Calgary	1.3	1.2	2.9	4.4	4.3	1.6	0.5	1.5	2.1	5.3
Edmonton	1.4	0.9	1.7	3.4	5.3	4.5	1.2	1.5	2.4	4.5
Kelowna	1.2	1.1	1.7	1.4	1.0	0.5	0.6	0.0	0.3	3.0
Abbotsford	3.7	2.4	2.0	2.5	2.8	3.8	2.0	2.1	2.6	6.1
Vancouver	1.4	1.0	1.4	2.0	1.3	1.4	0.7	0.7	0.5	2.1
Victoria	1.8	0.5	1.5	1.1	0.6	0.5	0.5	0.5	0.5	1.4
Average of Metropolitan Areas²	1.6	1.1	1.7	2.2	2.7	2.7	2.6	2.6	2.2	2.8

¹ In privately initiated apartment structures with at least three units.

² Prior to 2002, Kingston and Abbotsford are not included in the average of metropolitan areas.

Prior to 2007, Moncton, Peterborough, Brantford, Guelph, Barrie, and Kelowna are not included in the average of metropolitan areas.

Source: CMHC (Rental Market Survey)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 10
Average Rent for Two-Bedroom Apartments,
Canada, Provinces and Metropolitan Areas, 2000-2009 (dollars)¹

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada²	648	672	694	704	720	732	755	772	804	812
Provinces										
Newfoundland and Labrador	510	530	538	563	571	578	585	575	596	634
Prince Edward Island	538	561	566	585	603	612	631	648	660	688
Nova Scotia	621	645	669	684	711	726	760	777	795	838
New Brunswick	515	530	543	556	576	586	609	619	635	656
Quebec	495	513	531	553	572	591	607	616	628	640
Ontario	829	863	883	886	898	903	919	924	948	955
Manitoba	581	596	612	633	650	669	692	721	748	788
Saskatchewan	529	546	554	564	572	577	596	656	762	833
Alberta	651	701	734	745	754	765	866	1,008	1,074	1,042
British Columbia	753	772	795	806	821	844	885	922	969	1,001
Metropolitan Areas										
St. John's	552	575	589	607	618	634	635	614	630	677
Halifax	648	673	704	720	747	762	799	815	833	877
Moncton	560	561	578	588	611	612	636	643	656	675
Saint John	460	483	492	504	520	526	556	570	618	644
Saguenay	438	439	440	457	459	472	485	490	518	518
Québec	518	538	550	567	596	621	637	641	653	676
Sherbrooke	437	446	456	471	495	505	515	529	543	553
Trois-Rivières	413	419	431	436	457	474	488	487	505	520
Montréal	509	529	552	575	594	616	636	647	659	669
Gatineau	544	573	599	639	663	660	667	662	677	690
Ottawa	877	914	930	932	940	920	941	961	995	1,028
Kingston	679	709	727	768	785	807	841	856	880	909
Peterborough	683	698	718	728	775	797	818	822	850	875
Oshawa	778	799	819	845	852	855	861	877	889	900
Toronto	979	1,027	1,047	1,040	1,052	1,052	1,067	1,061	1,095	1,096
Hamilton	719	740	765	778	789	791	796	824	836	831
St. Catharines - Niagara	653	680	695	704	722	736	752	765	777	804
Kitchener	697	722	750	754	765	811	824	829	845	856
Brantford	639	653	665	675	684	722	712	749	752	754
Guelph	736	764	801	823	829	830	839	848	869	874
London	657	683	705	736	758	775	790	816	834	896
Windsor	736	738	769	776	776	780	774	773	772	747
Barrie	830	881	877	934	920	909	906	934	954	961
Greater Sudbury	619	620	647	651	655	668	706	749	800	830
Thunder Bay	654	657	657	672	679	689	696	709	719	742
Winnipeg	588	605	622	645	664	683	709	740	769	809
Regina	549	568	581	589	602	607	619	661	756	832
Saskatoon	541	558	567	576	580	584	608	693	841	905
Calgary	740	783	804	804	806	808	960	1,089	1,148	1,099
Edmonton	601	654	709	722	730	732	808	958	1,034	1,015
Kelowna	645	663	680	697	723	755	800	846	967	897
Abbotsford	632	645	650	672	684	704	719	752	765	781
Vancouver	890	919	954	965	984	1,004	1,045	1,084	1,124	1,169
Victoria	731	751	771	789	799	837	874	907	965	1,001

¹ In privately initiated apartment structures with at least three units.

² Only includes provincial data.

Source: CMHC (Rental Market Survey)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 11
**Occupied Housing Stock by Structure Type and Tenure,
 Canada, 1996-2006 (dwelling units)**

	1996				2001				2006			
	Owned	Rented	Band	Total	Owned	Rented	Band	Total	Owned	Rented	Band	Total
Total	6,877,780	3,905,145	37,125	10,820,050	7,610,390	3,907,170	45,415	11,562,975	8,509,780	3,878,500	49,180	12,437,470
Single-detached house	5,488,620	597,480	34,280	6,120,380	5,972,985	620,950	41,135	6,635,065	6,329,200	507,550	43,210	6,879,965
Semi-detached house	337,005	164,580	505	502,090	395,460	169,585	800	565,850	452,965	141,385	1,265	595,615
Row house	259,690	278,125	545	538,365	340,870	276,140	995	618,010	439,175	254,335	1,635	695,145
Apartment detached duplex	164,720	286,620	155	451,495	154,385	258,210	165	412,760	335,835	329,075	290	665,200
Apartment building that has five or more storeys	157,395	822,075	-	979,470	213,205	836,440	10	1,049,655	288,800	824,045	120	1,112,965
Apartment building that has fewer than five storeys	318,645	1,709,375	305	2,028,325	386,165	1,696,730	510	2,083,410	507,850	1,779,910	540	2,288,300
Other single-attached house	17,525	22,005	25	39,555	16,850	24,945	50	41,845	18,865	18,810	65	37,735
Movable dwelling	134,175	24,885	1,310	160,370	130,470	24,165	1,750	156,385	137,085	23,385	2,055	162,535

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 12
**Dwelling Condition by Tenure and Period of Construction,
Canada, 2006**

Tenure and Period of Construction	Total Occupied Dwellings	Dwelling Condition					
		In Need of Regular Maintenance Only		In Need of Minor Repairs		In Need of Major Repairs	
		Number	Per cent	Number	Per cent	Number	Per cent
Total	12,437,470	8,168,615	65.7	3,339,840	26.9	929,020	7.5
1945 or before	1,595,320	762,690	47.8	581,265	36.4	251,365	15.8
1946-1960	1,812,525	1,015,315	56.0	604,185	33.3	193,020	10.6
1961-1970	1,753,170	1,063,480	60.7	538,205	30.7	151,480	8.6
1971-1980	2,421,395	1,519,130	62.7	728,125	30.1	174,140	7.2
1981-1985	1,028,180	683,185	66.4	287,310	27.9	57,690	5.6
1986-1990	1,055,955	731,520	69.3	277,380	26.3	47,055	4.5
1991-1995	894,860	681,245	76.1	183,835	20.5	29,775	3.3
1996-2001	820,365	714,630	87.1	90,655	11.1	15,085	1.8
2001-2006	1,055,690	997,405	94.5	48,875	4.6	9,405	0.9
Owned	8,509,780	5,676,230	66.7	2,298,875	27.0	534,675	6.3
1945 or before	1,060,535	499,255	47.1	403,100	38.0	158,180	14.9
1946-1960	1,160,095	656,330	56.6	397,650	34.3	106,115	9.1
1961-1970	984,120	601,045	61.1	312,590	31.8	70,485	7.2
1971-1980	1,604,445	991,945	61.8	508,190	31.7	104,305	6.5
1981-1985	672,220	437,465	65.1	202,845	30.2	31,910	4.7
1986-1990	790,550	538,940	68.2	221,565	28.0	30,045	3.8
1991-1995	682,990	520,955	76.3	144,010	21.1	18,030	2.6
1996-2001	679,780	598,930	88.1	71,615	10.5	9,235	1.4
2001-2006	875,045	831,370	95.0	37,310	4.3	6,365	0.7
Rented	3,878,500	2,481,730	64.0	1,025,705	26.4	371,065	9.6
1945 or before	534,520	263,415	49.3	178,095	33.3	93,010	17.4
1946-1960	651,595	358,905	55.1	206,365	31.7	86,320	13.2
1961-1970	766,470	462,205	60.3	225,060	29.4	79,205	10.3
1971-1980	810,100	526,490	65.0	218,340	27.0	65,265	8.1
1981-1985	348,675	244,830	70.2	82,495	23.7	21,350	6.1
1986-1990	257,565	191,455	74.3	53,235	20.7	12,880	5.0
1991-1995	203,240	158,790	78.1	36,635	18.0	7,815	3.8
1996-2001	132,515	113,470	85.6	15,845	12.0	3,200	2.4
2001-2006	173,820	162,165	93.3	9,630	5.5	2,020	1.2
Band	49,185	10,650	21.7	15,255	31.0	23,275	47.3
1945 or before	275	30	10.9	65	23.6	175	63.6
1946-1960	830	80	9.6	170	20.5	585	70.5
1961-1970	2,580	240	9.3	555	21.5	1,785	69.2
1971-1980	6,850	695	10.1	1,595	23.3	4,565	66.6
1981-1985	7,290	885	12.1	1,970	27.0	4,435	60.8
1986-1990	7,835	1,125	14.4	2,580	32.9	4,130	52.7
1991-1995	8,625	1,495	17.3	3,195	37.0	3,935	45.6
1996-2001	8,070	2,230	27.6	3,195	39.6	2,650	32.8
2001-2006	6,820	3,870	56.7	1,930	28.3	1,015	14.9

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 13
Household Growth Canada, Provinces, Territories and Metropolitan Areas,
2001-2006

	2001	2006	Growth (per cent)	Avg. Annual Growth
Canada	11,562,975	12,437,470	7.6	174,899
Provinces and Territories				
Newfoundland and Labrador	189,045	197,185	4.3	1,628
Prince Edward Island	50,795	53,135	4.6	468
Nova Scotia	360,025	376,845	4.7	3,364
New Brunswick	283,820	295,960	4.3	2,428
Quebec	2,978,110	3,189,345	7.1	42,247
Ontario	4,219,410	4,555,025	8.0	67,123
Manitoba	432,550	448,780	3.8	3,246
Saskatchewan	379,675	387,145	2.0	1,494
Alberta	1,104,100	1,256,200	13.8	30,420
British Columbia	1,534,335	1,643,150	7.1	21,763
Yukon	11,365	12,610	11.0	249
Northwest Territories	12,565	14,235	13.3	334
Nunavut	7,175	7,855	9.5	136
Metropolitan Areas				
St. John's	64,831	70,663	9.0	1,166
Halifax	144,435	155,138	7.4	2,141
Moncton	47,180	51,593	9.4	883
Saint John	48,262	49,107	1.8	169
Saguenay	62,197	64,315	3.4	424
Québec	296,490	316,533	6.8	4,009
Sherbrooke	75,800	82,747	9.2	1,389
Trois-Rivières	59,580	63,893	7.2	863
Montréal	1,426,582	1,525,629	6.9	19,809
Ottawa-Gatineau	417,385	449,031	7.6	6,329
Kingston	58,334	61,978	6.2	729
Peterborough	43,471	46,667	7.4	639
Oshawa	104,203	119,028	14.2	2,965
Toronto	1,634,755	1,801,071	10.2	33,263
Hamilton	253,083	266,377	5.3	2,659
St. Catharines - Niagara	150,874	156,386	3.7	1,102
Kitchener	153,277	169,063	10.3	3,157
Brantford	44,904	47,847	6.6	589
Guelph	44,219	48,775	10.3	911
London	174,085	184,946	6.2	2,172
Windsor	117,712	125,848	6.9	1,627
Barrie	52,404	63,877	21.9	2,295
Greater Sudbury	63,143	65,076	3.1	387
Thunder Bay	49,545	51,426	3.8	376
Winnipeg	271,639	281,745	3.7	2,021
Regina	76,653	80,323	4.8	734
Saskatoon	88,944	95,257	7.1	1,263
Calgary	356,407	415,592	16.6	11,837
Edmonton	356,517	405,311	13.7	9,759
Kelowna	59,877	66,925	11.8	1,410
Abbotsford	51,022	55,948	9.7	985
Vancouver	758,713	817,033	7.7	11,664
Victoria	135,601	145,388	7.2	1,957

Data for 2001 are based on 2006 Census Metropolitan Area boundaries. Between 2001 and 2006, CMA boundaries changed in Moncton, Québec, Sherbrooke, Montréal, Ottawa-Gatineau, Peterborough, Brantford, London, Winnipeg, and Calgary.

Metropolitan data are census-based estimates of dwellings occupied by usual residents, which were released by Statistics Canada on March 13, 2007. National, provincial, and territorial data are census-based household counts.

Components may not add up to totals due to rounding.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 14
**Households by Type and Tenure, Canada,
1971-2006**

	1971	1976	1981	1986	1991	1996	2001	2006
Total Households								
All household types	6,034,505	7,166,095	8,281,535	8,991,670	10,018,265	10,820,050	11,562,975	12,437,470
Family households	4,928,130	5,633,945	6,231,485	6,634,995	7,235,230	7,685,470	8,155,560	8,651,330
One-family households	4,807,010	5,542,295	6,140,330	6,537,880	7,118,660	7,540,625	7,951,960	8,421,050
Couples with children	3,028,315	3,266,655	3,523,205	3,604,045	3,729,800	3,853,800	3,857,620	3,902,390
Couples without children	1,354,970	1,759,510	1,948,700	2,130,935	2,485,115	2,608,435	2,910,180	3,242,530
Lone parents	423,725	516,125	668,425	802,905	903,745	1,078,385	1,184,165	1,276,130
Multiple-family households	121,120	91,655	91,160	97,115	116,575	144,845	203,600	230,280
Non-family households	1,106,375	1,532,150	2,050,045	2,356,675	2,783,035	3,134,580	3,407,415	3,786,130
One person only	810,395	1,205,340	1,681,130	1,934,710	2,297,060	2,622,180	2,976,880	3,327,045
Two or more persons	295,980	326,810	368,915	421,965	485,975	512,400	430,535	459,085
Owners								
All household types	3,636,925	4,431,230	5,141,935	5,580,875	6,273,030	6,877,780	7,610,385	8,509,780
Family households	3,220,840	3,918,915	4,465,250	4,755,765	5,240,405	5,626,670	6,145,835	6,737,530
One-family households	3,124,275	3,842,355	4,390,265	4,677,435	5,145,490	5,511,500	5,985,695	6,550,125
Couples with children	2,095,895	2,488,795	2,807,650	2,868,915	2,975,720	3,083,980	3,148,020	3,268,070
Couples without children	820,960	1,106,650	1,267,930	1,445,650	1,765,205	1,954,540	2,239,700	2,581,035
Lone parents	207,420	246,910	314,685	362,870	404,565	472,980	597,970	701,020
Multiple-family households	96,560	76,560	74,985	78,330	94,910	115,170	160,140	187,405
Non-family households	416,085	512,320	676,690	825,110	1,032,630	1,251,110	1,464,555	1,772,240
One person only	299,805	391,475	539,200	668,270	848,310	1,050,520	1,307,170	1,590,125
Two or more persons	116,285	120,850	137,490	156,845	184,325	200,595	157,380	182,115
Renters								
All household types	2,397,580	2,734,860	3,139,595	3,368,485	3,718,525	3,905,145	3,907,170	3,878,500
Family households	1,707,290	1,715,035	1,766,240	1,845,340	1,972,740	2,028,420	1,972,310	1,874,090
One-family households	1,682,735	1,699,940	1,750,065	1,828,435	1,952,400	2,000,890	1,933,895	1,837,590
Couples with children	932,420	777,860	715,555	715,655	740,235	752,150	690,815	616,430
Couples without children	534,015	652,860	680,770	679,600	717,520	650,285	666,775	657,110
Lone parents	216,310	269,220	353,745	433,180	494,645	598,450	576,290	564,050
Multiple-family households	24,555	15,095	16,170	16,900	20,340	27,530	38,415	36,500
Non-family households	690,290	1,019,825	1,373,355	1,523,145	1,745,785	1,876,725	1,934,860	2,004,410
One person only	510,595	813,865	1,141,935	1,260,065	1,445,450	1,566,635	1,662,845	1,728,725
Two or more persons	179,695	205,960	231,425	263,085	300,330	310,095	272,015	275,685

Total household counts for 1986-2006 include households in on-reserve (1986) or band housing (1991, 1996, 2001, 2006) and are therefore larger than the sum of owners and renters.

Because of changes to the definition of census family, household-type data for 2001 and 2006 — except for one-person households — is not strictly comparable to data from earlier censuses.

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 15
Households by Age of Maintainer and Tenure, Canada,
1971-2006

	1971	1976	1981	1986	1991	1996	2001	2006
Total Households								
15-24	413,570	584,270	674,825	535,945	466,225	437,460	447,165	456,625
25-34	1,262,315	1,678,965	2,036,370	2,124,040	2,219,995	2,045,210	1,792,025	1,782,270
35-44	1,250,530	1,339,425	1,589,410	1,971,475	2,363,020	2,630,170	2,747,615	2,591,890
45-54	1,172,285	1,305,650	1,370,800	1,412,515	1,666,415	2,102,365	2,509,625	2,829,775
55-64	955,825	1,079,005	1,215,890	1,327,005	1,379,945	1,434,725	1,659,775	2,130,820
65-74	627,395	763,350	905,740	1,021,305	1,168,255	1,280,605	1,324,885	1,387,285
75+	352,590	415,430	488,490	599,385	754,405	889,510	1,081,880	1,258,805
Total	6,034,505	7,166,095	8,281,535	8,991,670	10,018,265	10,820,050	11,562,975	12,437,470
Owners								
15-24	57,750	111,125	127,180	88,815	64,625	61,670	70,990	96,380
25-34	541,240	866,895	1,064,390	1,029,220	1,043,470	936,020	837,010	914,485
35-44	838,995	949,750	1,142,890	1,374,245	1,606,665	1,741,120	1,844,450	1,797,405
45-54	851,190	970,265	1,037,395	1,062,030	1,246,970	1,555,580	1,868,280	2,135,865
55-64	682,985	775,350	894,035	989,245	1,041,660	1,093,570	1,276,610	1,654,860
65-74	432,440	504,665	595,650	695,155	824,185	936,610	997,030	1,056,105
75+	232,330	253,190	280,405	342,175	445,450	553,210	716,015	854,680
Total	3,636,925	4,431,230	5,141,935	5,580,875	6,273,030	6,877,780	7,610,390	8,509,780
Renters								
15-24	355,820	473,150	547,645	443,735	399,360	372,805	373,060	357,010
25-34	721,070	812,075	971,985	1,083,920	1,168,780	1,098,795	943,670	857,475
35-44	411,535	389,670	446,520	588,310	750,085	879,555	890,540	781,090
45-54	321,095	335,390	333,405	343,705	415,175	540,525	633,160	683,720
55-64	272,845	303,655	321,860	332,095	335,185	337,020	378,015	469,565
65-74	194,955	258,685	310,095	321,750	342,100	341,440	324,590	327,400
75+	120,260	162,240	208,080	254,975	307,840	335,010	364,135	402,240
Total	2,397,580	2,734,860	3,139,595	3,368,485	3,718,525	3,905,145	3,907,170	3,878,500
Avg. Household Size	3.5	3.1	2.9	2.8	2.7	2.6	2.6	2.5

Total household counts for 1986-2006 include households in on-reserve (1986) or band housing (1991, 1996, 2001, 2006) and are therefore larger than the sum of owners and renters.

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 16
Real Median Household Income After-Tax Canada, Provinces and Selected Metropolitan Areas,
2000-2008 (2008 constant dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Canada	46,100	47,600	47,700	47,500	47,900	48,900	49,800	51,200	52,000
Provinces									
Newfoundland and Labrador	37,900	38,600	38,800	39,200	39,100	39,600	41,800	44,100	44,400
Prince Edward Island	38,300	38,700	40,300	41,600	42,100	43,400	43,900	46,300	47,900
Nova Scotia	40,500	41,900	40,800	40,200	42,100	42,500	43,600	45,500	44,300
New Brunswick	41,200	41,800	41,100	40,700	40,600	40,800	41,700	43,500	43,900
Quebec	39,900	40,800	41,600	41,800	41,600	41,800	42,300	43,400	42,500
Ontario	53,500	54,000	54,600	54,400	54,100	54,900	55,000	56,500	56,800
Manitoba	42,100	43,500	43,100	43,700	44,200	45,300	45,400	47,100	49,500
Saskatchewan	40,700	43,300	42,300	42,800	42,500	44,000	45,800	48,800	51,100
Alberta	51,600	55,600	55,200	54,100	57,600	58,900	62,800	65,700	67,400
British Columbia	44,900	46,000	46,200	46,300	48,000	49,600	51,200	52,000	53,900
Metropolitan Areas									
St. John's	46,200	48,000	42,500	43,200	43,900	44,700	44,700	47,400	51,500
Halifax	44,600	46,700	44,600	43,300	46,100	45,800	46,300	49,900	48,700
Saint John	43,500	45,500	44,600	44,400	45,100	44,000	46,400	46,700	54,400
Saguenay	42,600	41,200	39,900	37,700	38,700	39,800	40,000	39,500	38,800
Québec	43,000	42,400	47,400	45,400	46,000	44,900	44,900	44,900	50,200
Sherbrooke	32,600	32,200	37,700	40,500	41,000	38,800	37,900	40,600	39,900
Trois-Rivières	37,500	37,700	39,600	36,100	38,600	33,900	34,200	39,200	38,100
Montréal	40,300	42,400	43,500	44,600	44,300	43,400	44,400	44,400	42,200
Ottawa-Gatineau	55,700	54,500	57,500	57,100	60,100	56,400	56,400	59,100	60,000
Kingston	54,000	54,300	50,100	52,700	54,100	46,500	49,300	51,400	60,100
Oshawa	58,600	59,400	59,600	63,900	61,200	61,900	58,400	60,900	59,900
Toronto	59,700	61,800	59,500	60,300	58,800	59,000	58,600	60,000	60,900
Hamilton	59,900	60,600	60,600	59,400	58,500	55,700	60,400	60,600	59,400
St. Catharines-Niagara	50,200	53,800	55,300	56,300	55,000	49,200	51,200	49,900	50,200
Kitchener	51,800	55,300	52,900	53,500	54,000	52,100	54,900	55,100	53,400
London	49,200	50,100	48,400	47,600	48,000	54,200	55,100	58,600	53,100
Windsor	56,400	54,400	55,200	55,100	54,800	54,600	55,700	55,400	52,900
Greater Sudbury	49,000	46,800	45,700	44,100	44,700	47,400	49,600	50,100	48,800
Thunder Bay	52,100	56,200	49,700	51,300	52,700	52,400	53,400	55,800	55,000
Winnipeg	44,200	46,400	46,200	47,200	48,800	48,300	47,400	49,600	52,000
Regina	50,900	53,100	52,600	50,200	49,200	53,300	54,500	55,400	58,400
Saskatoon	42,000	44,500	45,500	47,700	46,300	44,600	47,200	51,400	52,300
Calgary	56,000	61,000	61,000	56,900	62,100	60,100	66,400	69,000	69,000
Edmonton	52,600	57,700	54,300	57,500	58,000	58,800	61,000	65,500	66,500
Abbotsford	43,100	46,600	44,900	43,200	45,100	53,600	53,100	59,800	55,400
Vancouver	49,100	49,500	49,500	51,300	51,100	52,400	56,000	57,000	55,300
Victoria	40,800	44,800	46,600	44,700	46,600	47,700	47,200	47,900	56,900

All data are rounded to the nearest \$100.

Source: Statistics Canada (Survey of Consumer Finances - 1990-1993; Survey of Consumer Finances and Survey of Labour and Income Dynamics - 1994-1997; Survey of Labour and Income Dynamics - 1998-2008)

TABLE 17
**Home Equity and Net Worth by Tenure and Age Group, Canada
 1999 and 2005 (2005 constant dollars)**

Age Group ²	Renters ¹		Owned with a Mortgage		Owned without a Mortgage		All Owners		All Households	
	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average
Equity in Principal Residence³										
2005										
All ages	0	0	84,000	120,000	175,000	228,000	121,000	169,000	58,000	110,000
Less than 65	0	0	81,000	119,000	180,000	232,000	110,000	158,000	48,000	101,000
65 years or over	0	0	NA	NA	168,000	222,000	160,000	212,000	100,000	149,000
1999										
All ages	0	0	58,000	83,000	138,000	173,000	92,000	125,000	37,000	78,000
Less than 65	0	0	58,000	82,000	144,000	183,000	82,000	117,000	30,000	72,000
65 years or over	0	0	78,000	101,000	136,000	159,000	127,000	153,000	81,000	104,000
Net Worth⁴										
2005										
All ages	14,000	69,000	219,000	378,000	525,000	764,000	327,000	552,000	166,000	383,000
Less than 65	11,000	54,000*	216,000	377,000	561,000	826,000	289,000	530,000	141,000	359,000
65 years or over	40,000*	147,000	355,000	404,000	491,000	670,000	462,000	638,000	309,000	491,000
1999										
All ages	14,000	71,000	169,000	284,000	402,000	599,000	257,000	430,000	136,000	296,000
Less than 65	12,000	58,000	166,000	279,000	439,000	659,000	229,000	412,000	114,000	276,000
65 years or over	43,000	132,000	278,000	407,000	355,000	511,000	349,000	501,000	245,000	382,000

¹ Includes households occupying their homes rent free.

² Age of the highest income earner in the household. Where owners and renters are both present, refers to the owner with the highest income.

³ Home equity is the value of the principal residence less any outstanding mortgages.

⁴ Includes the value of employer pension plan benefits. Net worth is the difference between a household's assets and its liabilities.

NA - Not available. Suppressed by Statistics Canada to meet the confidentiality requirements of the *Statistics Act*.

* Use with caution.

Source: CMHC, adapted from Statistics Canada (*Survey of Financial Security*)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 18
**Households in Core Housing Need, Canada, Provinces,
Territories and Metropolitan Areas, 1991-2006**

	Number of Households in Core Housing Need (000's)				Incidence of Core Housing Need (%)			
	1991	1996	2001	2006	1991	1996	2001	2006
Canada	1,270.0	1,567.2	1,485.3	1,494.4	13.6	15.6	13.7	12.7
Provinces and Territories								
Newfoundland and Labrador	24.6	26.3	26.6	27.3	14.5	14.8	14.6	14.2
Prince Edward Island	5.6	6.1	6.2	6.4	13.4	13.4	12.9	12.6
Nova Scotia	42.1	48.1	51.6	43.8	13.6	14.9	15.2	12.1
New Brunswick	39.4	34.7	30.0	29.4	16.2	13.6	11.2	10.3
Québec	360.0	426.7	352.4	324.6	14.5	16.3	12.5	10.6
Ontario	408.0	594.3	599.7	627.5	11.9	16.1	15.1	14.5
Manitoba	50.5	55.0	45.4	46.9	13.9	14.7	11.6	11.3
Saskatchewan	45.4	39.7	37.2	40.8	14.9	12.6	11.5	11.8
Alberta	105.8	100.8	106.3	119.1	12.8	11.3	10.5	10.1
British Columbia	182.5	229.0	223.7	221.5	15.6	17.4	15.8	14.6
Yukon Territory	1.5	2.0	1.6	1.9	16.3	19.2	15.8	16.3
Northwest Territories ¹	4.5	4.7	2.1	2.4	28.9	25.4	17.4	17.5
Nunavut ¹	NA	NA	2.7	2.9	NA	NA	38.8	37.3
Census Metropolitan Areas²	852.6	1,063.3	1,033.4	1,093.0	14.4	16.7	14.7	13.6
St. John's	7.6	8.6	8.4	9.3	14.2	15.0	13.5	13.5
Halifax	16.4	20.1	22.4	20.2	14.4	16.6	16.3	13.6
Moncton ⁴	5.3	5.4	4.9	5.4	14.1	13.2	10.8	10.8
Saint John	6.1	6.4	5.2	4.6	14.0	14.3	11.2	9.6
Saguenay	5.7	7.4	6.6	5.1	10.6	13.3	11.2	8.2
Québec	32.9	40.0	34.6	28.7	13.6	15.3	12.3	9.3
Sherbrooke	8.0	9.2	7.6	7.6	15.2	16.2	12.0	9.5
Trois - Rivières	7.7	8.8	7.3	7.6	15.0	16.3	12.9	12.3
Montréal	200.3	238.3	189.0	184.6	17.1	19.0	14.1	12.6
Ottawa - Gatineau (Total)	37.8	54.9	54.5	52.4	11.3	15.0	13.7	12.1
Gatineau	8.8	12.7	10.9	11.6	11.0	14.3	11.0	10.3
Ottawa	29.0	42.2	43.6	40.8	11.4	15.2	14.5	12.7
Kingston ³	5.5	8.0	8.3	7.5	11.2	15.5	15.0	12.7
Peterborough ⁴	4.5	5.7	5.0	6.2	13.2	16.0	13.2	14.0
Oshawa	8.6	11.8	12.0	13.3	10.8	13.1	12.0	11.6
Toronto	176.3	269.7	295.5	322.4	13.5	19.3	19.1	19.0
Hamilton	22.9	33.6	33.0	33.1	10.8	15.0	13.7	12.9
St. Catharines-Niagara	14.0	19.8	18.5	18.4	10.8	14.5	12.9	12.2
Kitchener	12.7	18.2	17.2	16.8	10.3	13.5	11.6	10.3
Brantford ⁴	4.1	6.0	5.2	5.3	11.8	16.7	15.9	11.4
Guelph ⁴	3.2	5.1	4.6	5.5	9.3	13.6	10.7	11.8
London	16.5	23.1	21.6	22.6	11.9	15.7	13.2	12.8
Windsor	11.2	13.9	14.4	15.3	12.1	13.9	12.8	12.7
Barrie ⁴	3.7	6.4	7.1	8.3	11.7	16.1	14.2	13.5
Greater Sudbury	6.5	9.0	7.4	6.3	11.8	15.2	12.4	10.0
Thunder Bay	4.9	6.2	5.6	5.4	10.9	13.2	11.9	10.9
Winnipeg	35.4	38.0	28.1	28.4	14.6	15.3	10.8	10.4
Regina	10.1	8.6	7.4	7.4	14.8	12.2	10.1	9.6
Saskatoon	13.3	10.6	9.0	8.5	17.7	13.4	10.7	9.3
Calgary	32.0	32.3	38.3	36.1	12.1	11.1	11.2	9.0
Edmonton	36.5	33.3	36.7	41.2	12.6	11.0	10.9	10.6
Kelowna ⁴	4.8	7.3	6.3	6.6	12.1	15.2	11.8	11.1
Abbotsford ³	4.0	6.2	5.5	6.8	10.9	14.3	11.5	12.9
Vancouver	111.1	122.4	122.3	129.1	19.1	19.0	17.3	17.0
Victoria	18.1	19.2	17.1	16.9	15.9	15.7	13.4	12.4

¹ In 1999, Nunavut was established as a territory distinct from the Northwest Territories (N.W.T.). As a result, beginning with the 2001 Census, data for Nunavut are presented exclusive of N.W.T.

² A Census Metropolitan Area (CMA) is an area consisting of one or more adjacent municipalities situated around a major urban core with a population of at least 100,000. The CMA total represents all the CMAs in Canada at the time of each census. Note that it is adjusted neither for changes in CMA boundaries nor for changes in the number of CMAs between census years.

³ Kingston and Abbotsford were not CMAs in 1991 and 1996 and therefore their data are not included in the CMA total for these years.

⁴ Moncton, Peterborough, Brantford, Guelph, Barrie and Kelowna were not CMAs in 1991, 1996 and 2001 and therefore their data are not included in the CMA total for these years.

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter cost-to-income ratios less than 100 per cent.

Income data collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

Acceptable housing is defined as adequate and suitable shelter that can be obtained without spending 30 per cent or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as living in unacceptable housing and unable to access acceptable housing is considered to be in core housing need.

Components may not add up to totals due to rounding.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC website: www.cmhc.ca

TABLE 19
**Characteristics of Households in Core Housing Need,
 Canada, 2006**

	All Households		Renters		Owners	
	Households in Core Housing Need (#)	Incidence of Core Housing Need (%)	Households in Core Housing Need (#)	Incidence of Core Housing Need (%)	Households in Core Housing Need (#)	Incidence of Core Housing Need (%)
All Households	1,494,395	12.7	981,750	27.2	512,645	6.3
<i>Components:</i>						
<i>Below Affordability Standard Only</i>	1,072,760	9.1	693,905	19.2	378,855	4.6
<i>Below Suitability Standard Only</i>	73,895	0.6	58,150	1.6	15,745	0.2
<i>Below Adequacy Standard Only</i>	70,010	0.6	27,920	0.8	42,090	0.5
<i>Below Multiple Housing Standards</i>	277,725	2.4	201,775	5.6	75,955	0.9
Household Type						
Senior-led	369,860	14.4	223,145	31.4	146,715	7.9
Family	77,300	5.4	32,370	15.3	44,930	3.7
Non-Family	292,560	25.6	190,780	38.2	101,780	15.8
Individuals Living Alone	287,445	26.2	187,985	38.8	99,455	16.3
Female	227,845	28.4	148,380	40.9	79,470	18.0
Male	59,600	20.4	39,610	32.6	19,985	11.7
Non-Senior-led	1,124,535	12.2	758,605	26.2	365,930	5.8
Family	683,435	10.0	419,150	26.7	264,285	5.0
Couples with Children	258,540	7.2	130,660	23.0	127,880	4.3
Couples without Children	115,005	5.5	67,135	14.0	47,870	3.0
Lone Parent Families	293,605	28.6	214,120	43.5	79,480	14.9
Female	261,750	31.7	193,675	46.2	68,075	16.8
Male	31,850	15.9	20,445	27.9	11,405	9.0
Non-Family	441,105	18.9	339,460	25.6	101,650	10.0
Individuals Living Alone	394,390	20.1	303,310	27.9	91,085	10.4
Female	197,370	21.7	149,570	29.7	47,805	11.7
Male	197,020	18.8	153,740	26.4	43,285	9.3
Individuals Sharing with Others	46,715	12.4	36,145	15.1	10,565	7.6
Aboriginal Status						
Non-Aboriginal Household	1,412,580	12.4	918,690	26.8	493,890	6.2
Aboriginal Household	81,810	20.4	63,065	34.9	18,750	8.5
Status Indian	38,740	24.8	31,440	37.9	7,305	10.0
Non-Status Indian	15,860	20.3	12,440	35.1	3,415	8.0
Métis	33,145	16.2	23,260	30.1	9,880	7.7
Inuit	5,705	35.8	4,835	46.4	865	15.6
Period of Immigration						
Non-immigrant	995,705	11.0	676,055	24.5	319,650	5.1
Immigrant	480,420	18.2	289,825	36.4	190,595	10.3
Prior to 1981	170,835	12.5	87,365	32.4	83,470	7.6
1981 to 1990	82,480	18.7	48,615	35.3	33,865	11.2
1991 to 1995	67,500	22.9	40,045	37.3	27,455	14.7
1996 to 2000	64,160	24.0	38,210	34.9	25,945	16.4
2001 to 2006	95,445	35.4	75,590	44.1	19,860	20.2

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter cost-to-income ratios less than 100 per cent.

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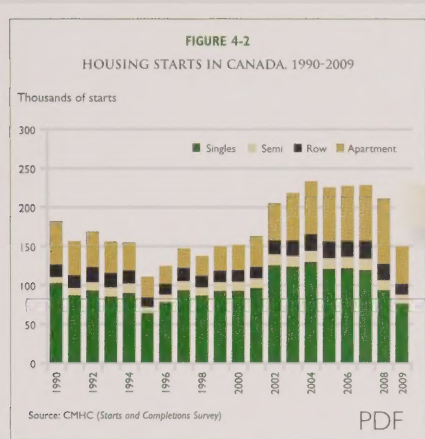
Components may not add up to totals due to rounding.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC website: www.cmhc.ca

NEED MORE DATA?

- Wide range of housing data
- Longer timelines
- Additional geography
- Interactive maps



CANADIAN HOUSING OBSERVER
Multiple Housing Starts, Canada, Provinces and Metropolitan Areas, 1990-2008 (units)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	79,232	75,841	75,492	74,241	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248	74,248
Provinces																				
Alberta	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
British Columbia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Manitoba	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Ontario	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Quebec	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Saskatchewan	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Atlantic	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Metropolitan Areas																				
Calgary	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Edmonton	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Winnipeg	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Regina	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Saskatoon	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Victoria	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Vancouver	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Montreal	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Ottawa	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Quebec City	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Halifax	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
St. John's	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Source: CMHC (Starts and Completions Survey)

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EXCEL

Online data resources are available to provide information on topics such as: the housing stock, demographic and socio-economic influences on housing demand; current housing market developments, and housing finance.

CANADIAN HOUSING OBSERVER 2010

Visit www.cmhc.ca/observer for easy access to timely, comprehensive data on Canadian Housing.

The analysis provided in the *Observer* is backed by a substantial collection of online data resources that provide a comprehensive overview of Canadian housing conditions.

One such resource is Housing in Canada Online (HiCO). HiCO is an interactive, web-based tool that allows users to generate custom tables of data on housing conditions and core housing need. HiCO incorporates a selection of data on household characteristics in 2006, 2001, 1996, and 1991 for Canada, provinces, territories, Census Metropolitan Areas (CMAs), Census Agglomerations (CAs), Regional Municipalities, and Regional Districts. Geographic coverage largely focuses on Census concepts (CMAs and CAs), not municipalities (Census Subdivisions (CSDs)).

Users can select from the years, geographies, and variables available in HiCO to create custom tables. HiCO includes the following variables:

- Aboriginal household status (total, Aboriginal, non-Aboriginal households);
- Age of household maintainer;
- Core housing need (not in core need, in core need);
- Household type;
- Housing standards (adequacy, affordability, suitability); and
- Tenure.

For each combination of geography and variables selected by the user, HiCO provides household counts, average household incomes, average monthly shelter costs, and average-shelter-cost-to-income ratios (STIRs).

Another useful online resource is the Excel data tables which augment selected Appendix tables in the *Observer*.

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